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Need scan help: +DI and -DI are consolidating in a tight range near the ADX line over last 20+ days

1

Reading ADXellence again (great book on using ADX) and I am wondering: How do I write a scan that searches for stocks that are consolidating over the last 20 to 30 days with both the +DMI and -DMI lines within +/- 5 percent of the ADX line (or maybe smaller or larger percentage)? Also, the ADX line's max value needs to be less than 15 for the past 20 to 30 days. I see that someone else asked a similar question here: <http://scan.stockcharts.com/questions/2524/how-could-a-adx-long-set-up-be-constructed-base-on-the-criteria-that-follows>

Also, can you explain how to use + / or - percentage variables such as 1.01 and .99, etc? How do you derive these numbers? Just need some help understand the math for say 1%, 2%, 3%, 4%, 5%, etc...

So here is the scan I concocted - can you help me improve it? I'm not bringing up any results. Thanks

[type = stock]

and [Close >=10] and [Close <=40]

and [SMA(50,close) * SMA(50,volume) > 500000]

and [max (30, daily close) <= daily sma(30,daily close) * .95]

and [min (30, daily close) >= daily sma(30,daily close) * 1.0]

and [Max (20, ADX Line (8)) < 15.0]

and [Plus DI (13) > ADX Line (8)] and [Minus DI (13) >ADX Line (8)]

[dmi](#) [consolidating](#) [percent](#) [adx](#) [di](#)

edited Jun 11 '12 at 20:31

asked Jun 10 '12 at 19:50

 **BearTrader**
400 ● 1 ● 8 ● 15

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1

Bear Traders: 'm not that familiar with ADX so I can't really help with that part of the scan. However one thing strikes me as potentially odd in your scan. This section, and I'm not a mathematician, seems impossible to me. and [max (30, daily close) <= daily sma(30,daily close) * .95 The max over the last 30 days shouldn't be less than the current sma over the last 30 days because the SMA is an average and so the price over the last 30 days would have to be both above and below the average, in order to have an average. Then if you make it less than the average I would think this is impossible.'m not sure what you are looking for but I think you may mean to write it [daily sma(30,daily close) >= max(30,daily close)*.95]

I ran this scan against all stocks and got over 800 hits so changed the criteria to 2% .98 and 1.02 and got many fewer hits. Hope this is what you are trying to do and helps.

[link](#)

answered Jun 11 '12 at 01:24

 **Windsurf**
9.0k ● 63 ● 128

I think you transcribed the code from the link incorrectly.

1

Your max(30... .95 would be..max(30...1.01

and min(30... 1.0 would be min(30...95

With your adx conditions commented out, your original max/min conditions returned no hits. Switching the per cents did get hits.

Adding back adx conditions, no hits again, but that may be due to the current market. Choose some random dates

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Asked: Jun 10 '12 at 19:50

Seen: 1,711 times

Last updated: Jun 13 '12 at 07:20

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from the past in different types of markets to see if those conditions get enough hits to be useful.

[link](#)

edited Jun 11 '12 at 16:51

answered Jun 11 '12 at 16:48



- 1 I thought EUO (short the EURO) would make a good and current example. I had trouble locating an example with a tighter ADX line within +/- 5% of the DI lines - and in retrospect that's likely not the most important criteria. Instead, it's more significant that the DI lines are weaving back and forth in a tight range (hopefully above the ADX line) and then the stock breaks out - take a look at the chart and let me know how one might scan for such a set-up.



[link](#)

edited Jun 11 '12 at 20:28

answered Jun 11 '12 at 20:26



- 1 Maybe you could take a two step approach. Scan for the DIs together first, merge into a list, then scan the list on following days for the ADX/MACD-H conditions.

The form of the DI scan would be (this is not proper syntax)

// DIs have been below some level z for a days

Max(a, DI+) < z and max(a, DI-) < z

// DIs have been close together (y points) for a days

and Max(a, DI+) - min(a, DI+) < y

and max(a, DI-) - min(a, DI-) < y

// if you want to test that they are narrower now than previously (b days ago), then

and b days ago Max(a, DI+) - b days ago min(a, DI+) > y

and b days ago Max(a, DI-) - b days ago min(a, DI-) > y

You would have to test for workable values for a,b,y and z.

Then run a simple scan against the saved results for ADX crossing 25 or MACD-H above zero or whatever you prefer.

Sorry I haven't tested this, but you seem to be ok with writing code, so I think you'll be ok.

NOTE: edited the "<" sign to ">" in the "b days ago..." lines.

[link](#)

start working with your ideas.

awesome - I'll edited Jun 13 '12 at 07:20

answered Jun 12 '12 at 17:40


 markd
 10.5k • 12 • 22


 BearTrader (Jun 12 '12 at 18:12)

Thanks - yep I transcribed those two values backwards - my goof.

- 0 My ultimate goal is to scan for stocks that have +DI /-DI indicators consolidating in a tight range back and forth over perhaps a 20 day period (hopefully in the proximity of the ADX line < 15 or so)...and then ADX starts to rise...I came up with the formula listed below but I somehow need to incorporate +DI/-DI into it - that's a bit advanced for me - I need more guidance.

[type = stock]

and [Close >=5] and [Close <=100]

and [SMA(50,close) * SMA(50,volume) > 500000]

and [Max (20, ADX Line (8)) < 20.0]

and [5 days ago ADX line (8) < 25.0] but now it's greater than 20 and that's where I get lost...

[link](#)

answered Jun 11 '12 at 17:32


 BearTrader
 400 • 1 • 8 • 15

Maybe you could put up a chart that is an example of what you want to get.


 markd (Jun 11 '12 at 17:54)

Thanks Markd, yes its much easier to explain if we have a chart to work with and annotate with notes.


 Gord (Jun 11 '12 at 17:59)

- 0 Bear Trader: This is a good chart for my questions/issues. One of the reasons I can't get a good reading on the ADX indicator is by the time the indicator give a clear signal it seems to me the move is mostly over. As example I like that through most of April the + & - were in a tight twist then the + broke out but where is the signal of the break out? To me it should be where the + breaks above the previous high of the + during the period of April. Which is about 20ish on the price chart. If the signal is where the ADX crosses the 25 line (where some say is the dividing line between trending and trading range) then the price is 21ish. In both cases it seems most of the run is over by this point. So as you create your scan for these stocks please help me understand how to read the ADX to get the most out of it. I have read some of Schaap's newsletters but could never get a good feel for the indicator. Thanks

[link](#)

answered Jun 11 '12 at 22:02


 Windsurf
 9.0k • 63 • 128

- 0 Interpreting the ADX line is still a challenge for me as well as it is truly a lagging indicator. You're right, by the time ADX has crossed over 25, much of the move has already begun and you'll miss out on some of the gain. So I use ADX above 25 as a filtering system. It tells me that the stock is already in a strong trend (either up or down) depending on the dominant DI line. I then feel more confident about jumping onto a trend in progression.

Another way to catch the initial breakout (and not miss that \$1 gain!) is to compare the height of the ADX line (below 25) and note it's slope in comparison to the MACD Histogram (12,26,9). I'll often look for MACD histogram to cross above the zero line as ADX is just starting to rise as well (but still below 25). If MACD histogram gets "toppy" and turns down while it's above the zero line, then the ADX signal will probably fail as well. All of this will of course be in concert with the +DI line crossing over (in this case). I should add that even when MACD H turns down above the zero line, I will not exit a trade if the ADX line is above 25. You can see this on the EUO chart example below. The blue arrows on the chart indicate failures. The pink arrow commenced the kick off.

The challenging part? Even when the ADX line has crested (say at 40+ or higher) and has begun to turn down and form lower highs, the (up)trend may continue as the dominant DI line is still on top and hasn't yet crossed back down. Going forward, each ADX peak may be lower than the last and create a price divergence while the trend carries on up, up up. In that case, I'm on guard, and watching for those DI lines to crossover again - and then I'm outta there.

Trends can go on and on for quite some time. True, you may have missed the initial breakout and that first dollar, but there's often a lot more to come. Hope that helps.



link

answered Jun 12 '12 at 06:37

 BearTrader
 400 ● 1 ● 8 ● 15

0 And here's another beauty of a chart illustrating the criteria described above. Note the very tight period of consolidation from Feb thru April, +DI and -DI are just above the ADX line and almost hugging it, and then +DI and the ADX line take off to the moon.



link

edited Jun 12 '12 at 18:23

answered Jun 12 '12 at 18:20

 BearTrader
400 ● 1 ● 8 ● 15

Your answer

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