Pepperstone

Pivot Points

1. Overview 3
2. Using the Pivot indicator 3
2.1 Adding the indicator to a chart 3
2.2 Timeframe 3
2.3 Pivot calculation 4
2.4 Drawing options 4
2.5 Alerts 4

1. Overview

The Pivot indicator shows a classic pivot calculation based on historic price action: a central pivot price, with 3 support and resistance levels either side (R1-R3 and S1-S3).

The indicator can be based on any timeframe – for example, you can choose to display H4 pivot levels on an M30 chart – and you can configure the indicator to generate alerts when the current price crosses a support or resistance level.

2. Using the Pivot indicator

2.1 Adding the indicator to a chart

You add the Pivot indicator to a chart in the usual MT4 way, either by dragging it from the Navigator onto a chart, or by double-clicking on it in the Navigator. You can also use standard MT4 features such as adding the indicator to your list of Favorites, or assigning a Hotkey to it.

All the following options in the indicator are configured using the settings on its Inputs tab.

If you want to display more than one set of pivot points, either using different timeframes or different calculations, then you simply add multiple copies of the indicator to the chart.

2.2 Timeframe

You choose the timeframe for the pivot calculating using the first of the parameters on the Inputs tab. You can either make this the same as the current chart, so that the pivot calculation changes if you alter the timeframe of the chart, or the pivot can be a different fixed timeframe such as D1.

2.3 Pivot calculation

You can choose how many historic bars to include in the pivot calculation – 1 (standard), 2 or 3 – and you can also choose between different calculations of the central pivot point. The options for the pivot calculation are as follows:

- "Typical" price of previous bar(s): high + low + close / 3
- "Weighted" price of previous bar(s): high + low + close + close / 4
- "Median" price of previous bar(s): high + low / 2
- Close price
- Average of close prices (same as close unless you choose to include more than one bar in the pivot calculation)

2.4 Drawing options

You can change the display of the pivot lines using the options on the Inputs tab. You can choose whether the pivot levels are drawn all the way across the chart, i.e. into the past, and you can whether to display labels for each point.

Each line also has a setting which controls its colour and its style (solid, dashed, etc). Turning off the display of a line, by setting its colour to "None", will prevent any alerts being displayed about that pivot level.

2.5 Alerts

You can choose to generate alerts if the price crosses upwards beyond a resistance level, or downwards below a support level. (No alert is generated if the price is already beyond a support or resistance level when a new bar starts, or when you add the indicator to the chart.)

You can set the text to display in the pop-up alert message on screen, and you can also specify a sound to play.

You can also choose to widen or narrow the threshold for the alert, e.g. so that the alert is generated 5 pips before the price hits a level, or 10 pips beyond the level. The threshold can be set either a number of pips (e.g. 20) or as a price amount (e.g. 0.0020). A positive number widens the threshold for the alert, meaning that the price has to go beyond the level. A negative number narrows the threshold, meaning that the alert is generated before the price hits the level.

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