

TradeFlow™ Charting in CQG

by Thom Hartle

TradeFlow is CQG's innovative charting style that is color coded to track traded volume at the ask price versus bid price. The high and the low of the TradeFlow bar is the best bid and ask prices. The TradeFlow bar is colored green for the percentage of volume at the ask price (buying) and red for the percentage of volume of trades at the bid price (selling).



TradeFlow goes beyond indicating the last price. Know whether traders hit bids or lifted offers to generate the last price.

CQG TradeFlow

There are two additional TradeFlow studies employed. First, TradeFlow volume (TFVol) is a histogram bar format that displays the total number of contracts traded at the ask price (buying) as a green histogram bar and the total volume into the bid price (selling) as a negative red histogram bar. The second is the TradeFlow On Balance Volume (TFOBV) study. This study maintains a running sum of the net difference between buying and selling. If traders during one TradeFlow bar bought 400 contracts at the asking price and sold 200 contracts into the bid price, the TFOBV line would climb by 200 contracts.



Three ways to aggregate individual TradeFlow bars are available: bars, range, and smoothing.

Aggregate TradeFlow Bars

CQG's TradeFlow includes the "aggregate" feature to compress the inside market action into single TradeFlow bars as one way to reduce the velocity of information coming at the trader.



Bar aggregation aids the trader in identifying support and resistance levels.

Bar Aggregation

Bar aggregation of TradeFlow bars is combining a trader-selected number of TradeFlow bars to form one TradeFlow bar. Trader choices for aggregation range from two up to a limit of 20.



Range aggregation helps identify changes in executed volume within set price ranges.

Range Aggregation

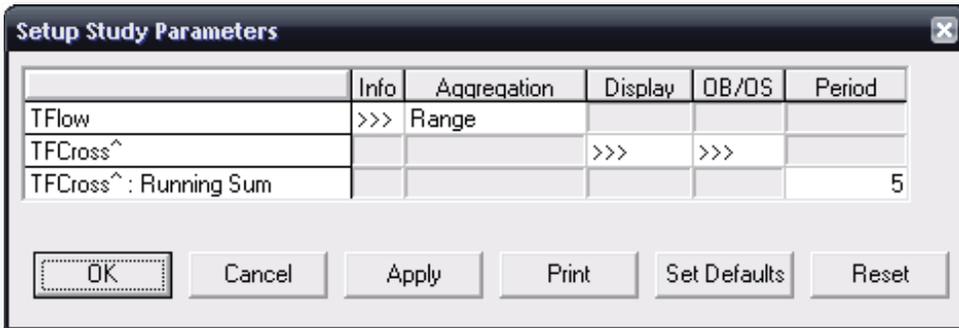
Range aggregation of TradeFlow bars is a trader-selected number price ticks of TradeFlow bars to form the high-low range of one TradeFlow bar. Trader choices for range aggregation range from two up to a limit of 20.



Smoothed TradeFlow highlights the trend by reducing the noise.

Smoothed TradeFlow

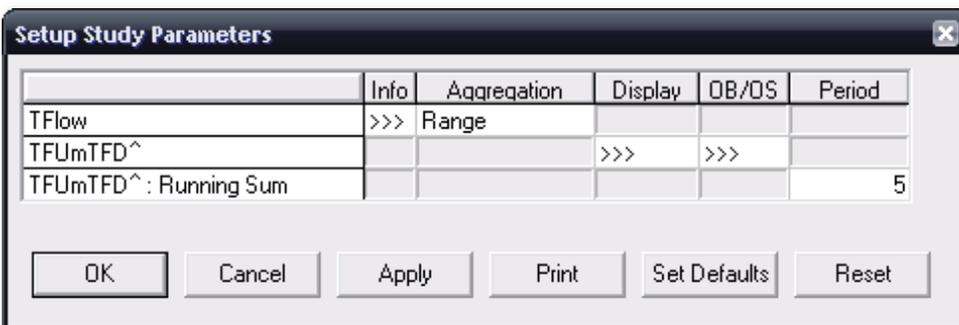
Smoothed TradeFlow bars use a proprietary algorithm to “smooth” TradeFlow price action. Spot key support and resistance levels of trading ranges, apply trend lines to signal new trends, and your favorite studies.



The TFCross study is a custom study available as a Component Pac from CQG's Web site.

TF Volume Cross Paramaters

TradeFlow elements can be used as a custom study. The study shown in the aggregated example is the TradeFlow Volume Cross study (TFCross). The default version plots a 5-bar running sum of the trades at the ask price (the green line) versus the 5-bar running sum of the trades into the bid price (the red line). In other words, it tracks the buying and selling by traders. Watch



The TFUmTFD study is also available at CQG's Web site as a Component Pac.

TF Up - Down Paramaters

The TradeFlow Up minus TradeFlow Down Volume study (TFUmTFD). This study is plotted as a histogram. The study calculates the difference between the buy and sell line of the TradeFlow Volume Cross study. Watch for peaks and troughs in the histogram bars to indicate subtle shifts in who is dominating the buying or selling in the market.



TradeFlow Volume Cross

The TradeFlow Volume Cross study (TFCross) gives a relative view of the direction of the trade executions. Tracking the running sum of the buy volume line (green) with the running sum of the sell volume line (red) provides insight into the level of buying and selling by traders. A rising buy volume line indicates traders are paying the offered price. A rising sell volume line is a sign that traders are aggressively hitting bids. Falling buy or sell volume lines indicates traders are backing away.



TradeFlow Up - Down

The TradeFlow Up minus TradeFlow Down Volume study (TFUmTFD) compares the two running sums from the TFCross study. Peaks and troughs by the histograms, especially at previous support and resistance levels, indicate the level of buying relative to selling by traders is changing.

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**Learn more at Thom Hartle's Blog:
www.hartleandflow.com**

Contact us:

Web: www.cqg.com | Email: websales@cqg.com | Or call your CQG sales representative...

- US 1 800-525-7082
- UK +44 (0) 20-7827-9500
- France +33 (0) 1-44-88-21-00
- Singapore +65 6720-3165
- Japan +81 (0) 3-3286-6633
- Russia +7 495-795-2410
- Germany +49 (0) 69-920-7920
- Australia +61 (0) 2-9230-6867



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