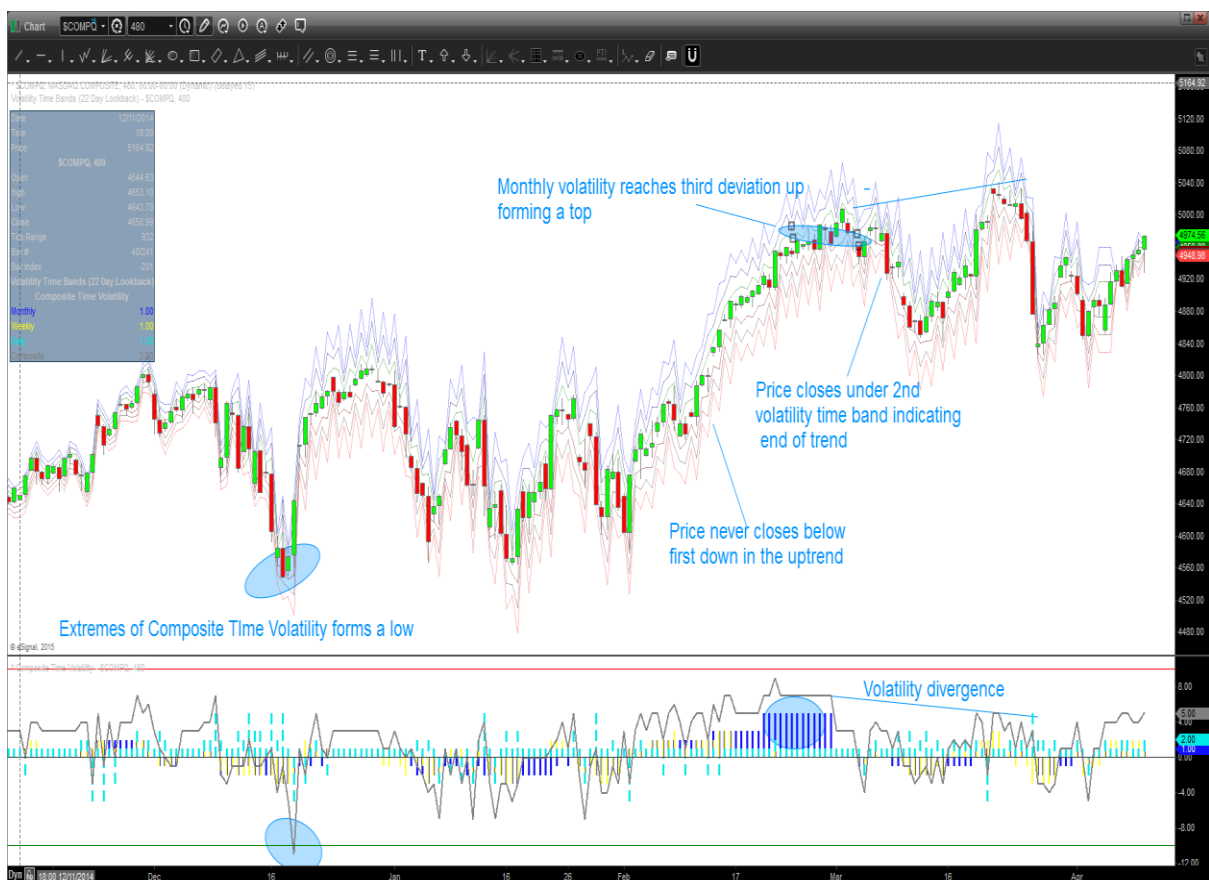


## Composite Time Volatility Indicator

Composite Time Volatility adds the concept of time to 4<sup>th</sup> Dimension's Volatility Time Bands. The study simultaneously tracks where price is in relation to Time of Day Volatility over three higher time frames – daily, weekly and monthly. In so doing, the trader can visualise how volatility is evolving through time and across time frames. Finally, the study creates a variable which is a derivative of all three time frames grading price in relation to volatility for each time period at each point in time. The study is for use on intraday charts only.

The chart below is a 480 minute chart of Nasdaq Composite with Volatility Time Bands and Composite Time Volatility studies added. The chart initially forms a low as a result of the Composite Volatility Time study hitting extremes of oversold as marked. The market then enters a sideways phase and the study oscillates without hitting overbought or oversold levels. Price then goes on to trend with the study almost never recording a negative value whilst monthly (dark blue) volatility steps up. At the same time the low of each bar holds above the first down of the Volatility Time Bands indicating the trend is strong. The first clue the trend is over is when the monthly volatility returns to zero followed by confirmation with the low closing beneath the 2<sup>nd</sup> down Volatility Time Band. The market continues to make a new high following the corrective phase from Monthly Volatility Extremes but the Composite Time Volatility study shows divergence as indicated and the new marginal high is seen as unsustainable and a correction unfolds.



Within Setup the defaults below are recommended.

