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ICT Average Daily Range [ADR]; Market Volatility & Risk Management

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The **Average Daily Range (ADR)** refers to the **price movement** (difference between the high and low price) of a currency pair during a **trading day**.



Displaying the ADR Indicator on the Chart for precise Volatility and Range Assessment

What Are the Uses of Average Daily Range (ADR)?

The **Average Daily Range (ADR)** is used to estimate market volatility, set **take profit (TP)** and **stop loss (SL) levels**, and improve risk management. The key applications of ADR include:

Estimating Market Volatility

The **Average Daily Range (ADR)** helps assess the volatility of a currency pair throughout the trading day. This allows traders to anticipate potential price movements.



Setting Take Profit and Stop Loss Levels

Using ADR, traders can set **take profit (TP)** and **stop loss (SL)** levels with greater accuracy, as it provides insight into the expected price **movement range** for the **day**.

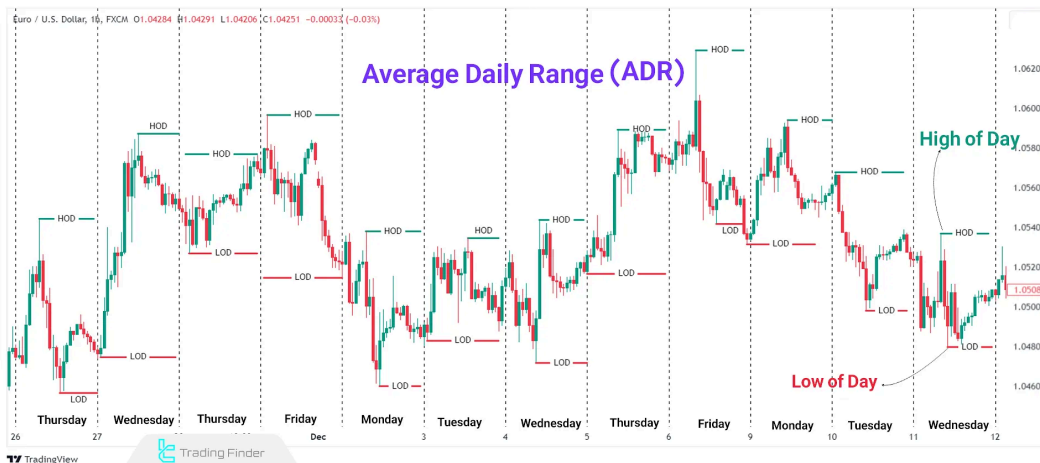
Risk Management

By considering the **daily range**, traders can avoid entering trades in extreme volatility conditions or during **low-liquidity** periods.

How to Calculate ICT Average Daily Range?

Historical price data is analyzed to calculate the **ICT Style Average Daily Range**. This data reflects the **average difference between the high (HOD) and low (LOD) prices** of a currency pair over time. **Steps to calculate ADR:**

1. Collect **historical price data** for the selected currency pair;
2. Identify the **High of the Day (HOD)** and **Low of the Day (LOD)** for each day within the chosen time frame;
3. Calculate the **daily range** by subtracting the **low** from the **high**;
4. **Sum** the **daily ranges** and **divide** by the number of days to find the **average**.



High and Low prices of trading days for calculating ICT

ADR Tools and Indicators

For quick ADR calculations, manual computation is unnecessary. The ADR value can be obtained directly from the indicator developed by **TFLab**:

- ⚡ [ADR Indicator for MetaTrader 4](#)
- ⚡ [ADR Indicator for MetaTrader 5](#)
- ⚡ [ADR Indicator for TradingView](#)



ICT Average Daily Range [ADR] Indicator

Integrating ICT Average Daily Range with Intraday Strategies

The **Average Daily Range (ADR)** is useful in **intraday trading** and **Smart Money Concept (SMC) strategies**. This tool allows traders to predict daily market movements and enhance their strategies.

Conclusion

The **Average Daily Range (ADR)** is a valuable tool for estimating **daily market volatility**. It helps determine the **expected price movement range** of a currency pair throughout the day.

Additionally, ADR can be used to set **take profit, stop loss levels** and optimize **risk management**.

FAQs

What is the Average Daily Range (ADR)? ▼

The **Average Daily Range (ADR)** measures the price movement of a currency pair within a single trading day.

How to Calculate the Average Daily Range (ADR)? ▼

To calculate **ADR**, gather historical price data, determine the high and low prices for each day, calculate the daily range, and average these values over a selected period.

Do I Need to Calculate ADR Manually? ▼

No, several indicators can automatically calculate **ADR**.

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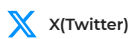


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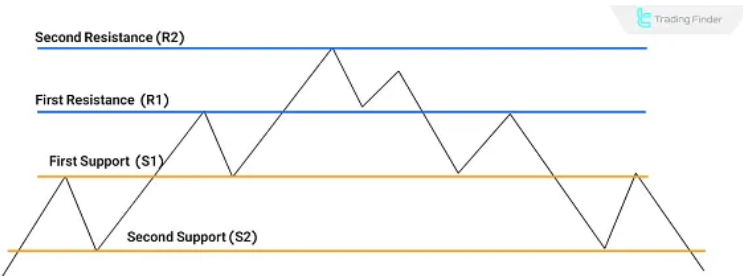
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