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

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.

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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**.



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**

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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.

source:

1.our website link :
https://tradingfinder.com/education/forex/ict-average-daily-range/

2.all Education :
https://tradingfinder.com/education/forex/

TradingFinder Support Team (Telgram):
https://t.me/TFLABS

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