## Introduction to ADX (Average Directional Movement Index):-

ADX is used to quantify trend strength. ADX calculations are based on a <u>moving</u> <u>average</u> of price range expansion over a given period of time. The default setting is 14 bars, although other time periods can be used.

ADX can be used on any trading vehicle such as stocks, mutual funds, <u>exchange-traded funds</u> and futures.

ADX is plotted as a single line with values ranging from a low of zero to a high of 100. ADX is non-directional; it registers trend strength whether price is trending up or down.

When the +DMI is above the -DMI, prices are moving up, and ADX measures the strength of the uptrend. When the -DMI is above the +DMI, prices are moving down, and ADX measures the strength of the downtrend.

<b>ADX Value</b>	Trend Strength
0-25	Absent or Weak Trend
25-50	Strong Trend
50-75	Very Strong Trend
75-100	<b>Extremely Strong Trend</b>

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