EDOLAB

MARKETS

# EDO A/D FLOW CORE

# Official Manual

Version 1.0

May 2026

English

# Table of Contents

# Section 1 — Introduction

Edo A/D Flow Core is an accumulation and distribution flow indicator built on top of the classic A/D Line, extended with a dual moving average reading, a proprietary adaptive normalization, a four-state histogram and an automatic divergence detection system.

Its goal is to transform the A/D Line — historically useful but visually difficult to interpret due to its accumulating scale — into a clean, cross-ticker comparable, zero-centered panel where institutional flow can be read directly as acceleration, deceleration, anticipation or exhaustion.

It belongs to the Edolab ecosystem as a free indicator and is intended for traders who already integrate volume and flow analysis into their workflow and want a coordinated, normalized version of the A/D Line, ready to combine with any momentum or structure system.


*Edo A/D Flow Core on AAPL weekly: Fast line (cyan), Slow line (yellow), four-state histogram and automatic Bull / Bear divergences.*

# Section 2 — What Edo A/D Flow Core Is and Is Not

## What Edo A/D Flow Core Is

- A flow indicator based on the Accumulation/Distribution Line, extended with dual moving averages and adaptive normalization.
- A real-time tool to read the direction and strength of capital flow on a stable, cross-asset comparable scale.
- A four-state visual system that distinguishes expansion from deceleration on both bullish and bearish sides.
- An automatic detector of classic price-vs-flow divergences, configurable across three sensitivity levels.
- A complementary layer to any momentum or structure system, with no information overlap.

## What Edo A/D Flow Core Is Not

- Not a closed trading system or an automatic entry/exit signal generator.
- Not a predictor of highs, lows or specific price levels.
- Not a replacement for price structure reading, risk management or trader judgment.
- Not a substitute for volume analysis or momentum oscillators: it provides a complementary reading.

# Section 3 — Indicator Philosophy

Capital flow leaves a trail long before price confirms a change in direction. The Accumulation/Distribution Line is one of the classic tools to read that trail, but its direct use on modern charts has three serious limitations: scale depends on the ticker's accumulated history, it is not comparable across assets and it appears visually flat over long periods.

Edo A/D Flow Core was built to solve those three limitations without losing the underlying information. It preserves the original logic of the A/D Line — directional flow weighted by each candle's range and volume — but transforms it into a stable reading surface where the structure of flow becomes directly legible and where two different assets can be compared on equal footing.

The indicator is built on three simple principles:

- Flow leads price: that's why we isolate it in a clean panel.
- Acceleration matters as much as direction: that's why the histogram has four states, not two.
- Price-flow divergences are one of the few signals with real statistical value: that's why they are detected automatically across three sensitivity levels.

The result is an indicator where any trader can read at a glance whether money is flowing in or out, whether that flow is gaining or losing strength, and whether it agrees or disagrees with what price is doing.

# Section 4 — Technical Foundation: the Accumulation/Distribution Line

The A/D Line was developed by Marc Chaikin as an evolution of the On Balance Volume. While the OBV assumes that every bullish bar represents pure accumulation and every bearish bar pure distribution, the A/D Line introduces a fundamental nuance: it weights each candle's contribution to flow based on where it closes within its own range.

The original formula is:

$$\mathbf{A/D = \Sigma\ ((Close - Open) / (High - Low)) \times Volume}$$

Three immediate readings come out of this formula:

- If the close lands near the candle's high, most of the volume counts as accumulation.
- If the close lands near the low, most of it counts as distribution.
- If the close sits in the middle of the range, the candle's contribution is modest, regardless of how much price moved up or down.

The result is a cumulative series that reflects the net balance between accumulation and distribution over time. Its traditional use consists of comparing the A/D Line slope with price slope to detect divergences.

> **Note:** The A/D Line is cumulative by construction. This means its absolute value grows or shrinks over time and that two assets with different histories cannot be compared in absolute terms. Edo A/D Flow Core solves this in Section 6.

# Section 5 — Indicator Calculation

The indicator starts from the classic A/D Line formula and adds two extra layers: a dual moving average and an adaptive normalization explained in the next section.

## Step 1 — Raw flow per candle

On each bar the contribution to flow is computed:

$$\text{raw} = ((\text{Close} - \text{Open}) / (\text{High} - \text{Low})) \times \text{Volume}$$

If the candle range is zero (no body, no wick), the indicator assigns a value of zero to avoid division by zero.

## Step 2 — Accumulation

The raw flow is accumulated bar by bar, generating the classic A/D series:

$$\text{A/D} = \Sigma\ \text{raw}$$

## Step 3 — Dual moving average

Two moving averages of different lengths are computed on the cumulative A/D:

- **Fast Length:** 9 periods by default. Reactive line for short-term flow changes.
- **Slow Length:** 21 periods by default. Reference line for background flow.

The user can choose between EMA and SMA. EMA is the default — it reacts faster to recent flow variations.

## Step 4 — Flow histogram

The histogram is computed as the difference between the two normalized averages:

$$\text{Histogram} = \text{Fast Norm} - \text{Slow Norm}$$

This produces a MACD-style reading, but applied to flow instead of price.

# Section 6 — Adaptive Normalization

The classic A/D Line has a practical problem: its scale depends on the ticker's accumulated historical volume. A ticker with several years of trading may have an A/D in the hundreds of millions, while a recent IPO may have an A/D in the thousands. Visually comparing both is impossible.

Edo A/D Flow Core solves this through a sliding, zero-centered normalization. The process is:

1. On the cumulative A/D, the highest and lowest values of the last N periods are identified (90 by default).
2. The midpoint of the range is computed: **(max + min) / 2**
3. Each A/D value is rescaled as a percentage from that midpoint relative to the full range:
   **norm = (value − midpoint) / (range / 2) × 100**

The result is a stable series moving within an approximate range of ±100, where:

- Values close to +100 indicate flow at relative highs of the normalization period.
- Values close to −100 indicate flow at relative lows.
- Zero corresponds to the midpoint of the range, not absolute neutral accumulation.

The same transformation is applied to both moving averages and to the histogram calculation. The whole indicator panel therefore operates on a homogeneous scale, regardless of the ticker's history.

> **Note:** The normalization period (90 by default) acts as a sliding window. Reducing it makes the indicator more reactive to recent flow. Increasing it captures background changes better at the cost of less sensitivity.

# Section 7 — The Two Lines: Fast and Slow

The indicator panel shows two continuous lines overlaying the histogram:

## Fast Line

- Cyan by default, line width 2.
- Computed as the moving average of the normalized A/D with the Fast length (9 by default).
- Reflects the short-term flow state.

## Slow Line

- Yellow by default, line width 1.
- Computed with the Slow length (21 by default).
- Reflects the background flow state.

## Joint reading

The relationship between the two lines concentrates most of the indicator's directional information:

- **Fast above Slow:** short-term flow is more bullish than background flow. Recent accumulation.
- **Fast below Slow:** short-term flow is more bearish than background flow. Recent distribution.
- **Bullish cross (Fast crosses above Slow):** incoming flow starts dominating historical flow. Regime change.
- **Bearish cross (Fast crosses below Slow):** outgoing flow starts dominating. Regime change in the opposite direction.


*Bullish cross of the Fast line above the Slow line after a prolonged distribution phase. The histogram confirms with growing greens.*

The lines can be hidden individually from the "Display" section of the inputs if the user prefers to work with the histogram only.

# Section 8 — Flow Histogram: Four States

The histogram represents the difference between the Fast line and the Slow line. Unlike the classic two-color reading (green above zero, red below zero), Edo A/D Flow Core uses four states that distinguish expansion from deceleration on each side.

| State | Condition | Color | Reading |
|---|---|---|---|
| Bullish Strong | Histogram ≥ 0 and greater than the previous bar | Solid teal | Accelerating accumulation |
| Bullish Weak | Histogram ≥ 0 and less than or equal to the previous bar | Faded teal | Accumulation losing strength |
| Bearish Strong | Histogram < 0 and less than the previous bar | Solid red | Accelerating distribution |
| Bearish Weak | Histogram < 0 and greater than or equal to the previous bar | Faded red | Distribution losing strength |

This differentiation lets you anticipate regime changes without waiting for an explicit line cross. When a sequence of Bullish Strong bars gives way to Bullish Weak bars, the bullish flow is still intact but losing inertia. It's the first warning that a bearish cross may be approaching.


*Histogram showing alternations between Bullish Strong, Bullish Weak, Bearish Strong and Bearish Weak across the same price segment.*

The histogram zero line is drawn dotted gray so that crossings into and out of the neutral zone are always visible.


*Close-up of the transition from Bearish Strong to Bullish Strong following the bullish cross of the Fast and Slow lines.*

# Section 9 — Automatic Divergence Detection

The indicator detects and draws classic divergences between flow (the normalized Fast line) and price automatically. This is one of the most visual and most practical components of the Core.

## Concept

A divergence happens when price and flow describe opposite slopes within a bounded time window. It's a sign that what the ticker is doing on the surface and what institutional money is doing underneath are out of sync.

## Bullish divergence (Bull)

- Price prints a lower low than the previous low within the search window.
- The normalized Fast line prints a higher low than the previous one at the same point.
- A green line is drawn connecting both flow lows and labeled **Bull**.

## Bearish divergence (Bear)

- Price prints a higher high than the previous high within the search window.
- The normalized Fast line prints a lower high than the previous one.
- A red line is drawn connecting both flow highs and labeled **Bear**.

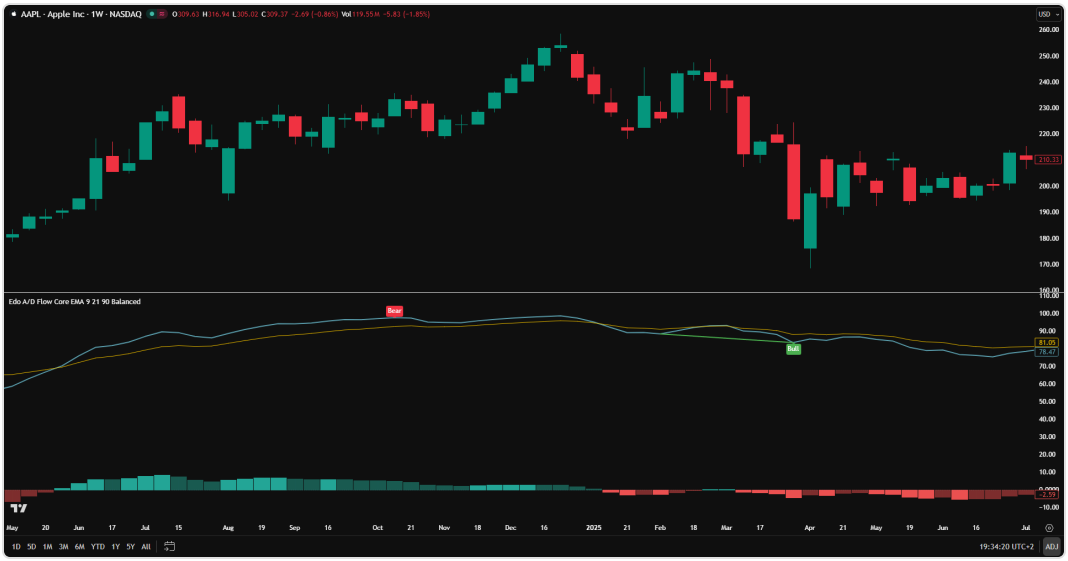

*Bearish divergence: price keeps rising but the Fast line prints a high lower than the previous one. Automatic Bear label.*

## Pivot identification

The indicator uses `ta.pivothigh` and `ta.pivotlow` on the normalized Fast line with a bilateral confirmation window. This means a pivot is only validated after enough bars have passed on both sides, which adds a small lag but guarantees that signals never repaint on later bars.

## Proximity filter

To avoid connecting pivots that are too far apart in time, the indicator applies a proximity filter (`div_range`): only divergences between the current pivot and a previous pivot within a maximum number of bars are considered. This parameter is controlled automatically by the sensitivity profile explained in the next section.




*Segment where the Bear divergence coincides with the histogram transitioning from Bullish to Bearish, before the lines cross.*

> **Note:** Divergences are decoupling signals, not immediate entry signals. Their value lies in warning that flow and price are out of sync, which typically precedes a correction or trend change. Final validation always belongs to the reader through the rest of their system.

# Section 10 — Sensitivity Profile: Fast, Balanced and Slow

The divergence module is controlled globally with a single input: **Divergence Sensitivity**. This input acts on two internal parameters — pivot length and search range — in a balanced combination that the user does not need to tune manually.

| Profile | Pivot length (lb) | Search range | Behavior |
|---|---|---|---|
| Fast | 3 | 30 | Aggressive detection, many short-term signals, more noise |
| Balanced | 5 | 60 | Default configuration, balance between sensitivity and robustness |
| Slow | 8 | 100 | Conservative detection, fewer signals but with greater potential reach |

Profile choice usually depends on operating timeframe:

- **Fast** is useful on intraday or short-swing charts, when seeking maximum anticipation.
- **Balanced** is the recommended configuration for daily and weekly charts.
- **Slow** adds value on monthly charts and for major divergence analysis.

Any profile change instantly recomputes all visible divergences across the historical window.

# Section 11 — Combined Signal Reading

Edo A/D Flow Core delivers four independent but coordinated information streams: line position, line crosses, histogram color and divergences. Combining the four produces readings far richer than any of them in isolation.

## Common confluence patterns

### Clean bullish reactivation

- Histogram transitions from Bearish Weak to Bullish Weak and then to Bullish Strong.
- Fast line crosses above the Slow line in negative territory.
- Ideally preceded by a Bull divergence on the most recent pivots.

### Bullish exhaustion

- Histogram alternates between Bullish Strong and Bullish Weak with Strong becoming less and less frequent.
- Fast line starts to flatten while Slow keeps rising.
- A Bear divergence may appear if price keeps printing highs without the Fast line confirming.

### Bearish capitulation

- Histogram prints several consecutive Bearish Strong bars followed by Bearish Weak.
- Fast line reaches extreme negative values.
- If a Bull divergence appears, it usually coincides with a market bottom.

### Silent distribution

- Price keeps moving sideways or slightly upward.
- The histogram migrates progressively from Bullish Weak to Bearish Weak.
- The Fast line drifts gradually below the Slow line without large red bars.


*4H view showing how the Fast/Slow cross, the histogram transition and the Bear divergence combine to build a coherent bearish bias.*

# Section 12 — Configuration and Customization

## A/D Settings

| Input | Default | Function |
|---|---|---|
| MA Type | EMA | Moving average type applied to the normalized A/D (EMA or SMA) |
| Fast Length | 9 | Length of the fast moving average |
| Slow Length | 21 | Length of the slow moving average |
| Normalization Period | 90 | Sliding window of the adaptive normalization |

## Display

| Input | Default | Function |
|---|---|---|
| Show Fast Line | On | Show or hide the Fast line |
| Show Slow Line | On | Show or hide the Slow line |
| Show Divergences | On | Enable or disable automatic detection |
| Divergence Sensitivity | Balanced | Profile selector (Fast / Balanced / Slow) |

## Colors

All indicator colors are individually customizable. Available variables are:

- Histogram — Bullish Strong, Bullish Weak, Bearish Strong, Bearish Weak
- Fast Line
- Slow Line
- Divergence — Bullish and Bearish

The default values were chosen to maintain contrast on both the most common dark and light TradingView themes.

# Section 13 — Alerts

Edo A/D Flow Core does not emit predefined alerts through TradingView's native alert menu. Alerts are configured manually on the indicator's public plots, which gives the user full freedom to define custom conditions.

## Recommended alerts

### Bullish line cross

Create an alert on **Fast Line** with condition **Crossing Up** referencing **Slow Line**. Trigger on bar close.

### Bearish line cross

Create an alert on **Fast Line** with condition **Crossing Down** referencing **Slow Line**.

### Histogram crossing zero

Create an alert on **Histogram** with condition **Crossing** referencing the value **0**. Detects the move from bullish to bearish zone or vice versa without waiting for the line cross.

### Detected divergences

Divergences publish auxiliary plots (**Bull Div Line** and **Bear Div Line**) that only carry a value when a divergence is confirmed. You can create an alert on either one with condition **Greater than 0** or **Not equal to NaN** to be notified each time a new divergence appears.

> **Note:** Divergences are confirmed with a lag equal to the pivot length of the selected profile (3, 5 or 8 bars). This is unavoidable: no divergence detector can confirm a pivot without waiting for at least those bars to its right.

## Section 14 — Access and License

Edo A/D Flow Core is published on TradingView as a free indicator. Any user with an active account can add it to their charts at no cost and use it on whatever timeframes and assets they wish.

Indicator usage is subject to TradingView's general terms and Edolab Markets' terms of use. Redistributing the source code, modifying it under another author's name or using it in derivative products without express authorization is forbidden.

Official support around the indicator, its updates and its correct interpretation is provided through Edolab Markets' public channels.

## Section 15 — Risk Disclaimer

> Edo A/D Flow Core is an analytical tool. It does not constitute financial advice or any recommendation to buy or sell any asset. Trading financial instruments carries the risk of capital loss. Each user is responsible for their own decisions and must assess their risk profile, time horizon and financial situation before trading.
>
> Past performance of any indicator does not guarantee future results. The appearance of a signal — be it a cross, a histogram color change or a divergence — does not imply any particular probability of price movement.

# Section 16 — Conclusion

Edo A/D Flow Core is the Edolab take on the classic Accumulation/Distribution Line: same underlying logic, stable scale, immediate readability. Its value lies in turning a historically useful but visually difficult indicator into a clean surface where flow, its acceleration and its disagreements with price can be read effortlessly.

The core of the indicator is not any single component. It's the coordination across the four: the two lines mark direction, the histogram marks strength, divergences mark decoupling and the normalization keeps everything legible across any ticker and timeframe. Combined, they offer a reading of institutional flow that few standalone indicators provide.


*Extended view of the indicator on AAPL weekly: divergences, crosses and histogram regime changes across five years.*

Like every Edolab tool, it is meant to be integrated into a wider system, not to replace one. Its accuracy depends, as always, on the operator's discipline.

EDOLAB

MARKETS