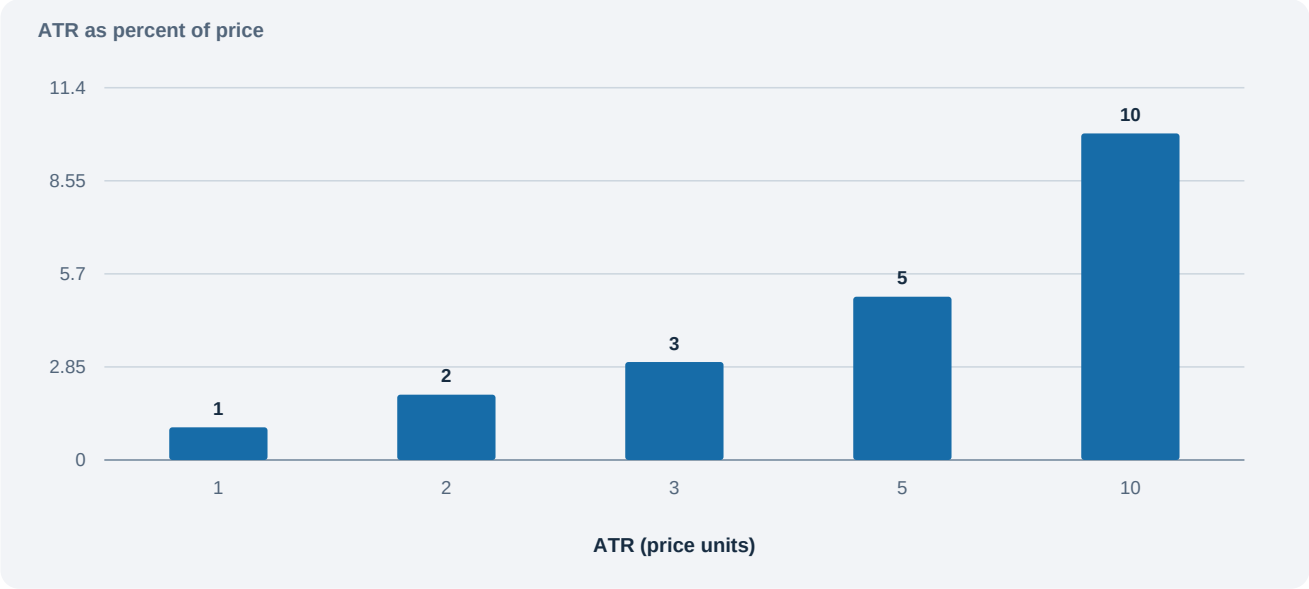
ATR as a share of price

Price and indicators | Original synthetic example | Edition 2026-11-26

Normalizing an average true range by price converts a currency range measure into a percentage. It allows rough proportional comparisons while preserving the chosen averaging and lookback assumptions.

FORMULA ATR percent = ATR / reference price x 100

SCENARIO 01: Reference price 100; compare proportional ATR



WORKED EXAMPLE

ATR 3 divided by price 100 gives 3%. This is a normalized measurement, not a forecast range.

COMMON MISTAKE

Comparing raw ATR across differently priced instruments can confuse scale with relative variability.

BEFORE YOU USE THE CALCULATION

1. Use the same lookback and smoothing.
2. Name the reference price.
3. Avoid equating ATR with a guaranteed future range.

COMPARE TWO MORE INPUT SETS

Scenario 05: Reference price 140; compare proportional ATR. ATR 3 divided by price 140 gives 2.14%. This is a normalized measurement, not a forecast range.

Scenario 10: Reference price 190; compare proportional ATR. ATR 3 divided by price 190 gives 1.58%. This is a normalized measurement, not a forecast range.

Synthetic values are not historical market data. Educational material; trading can result in substantial losses.