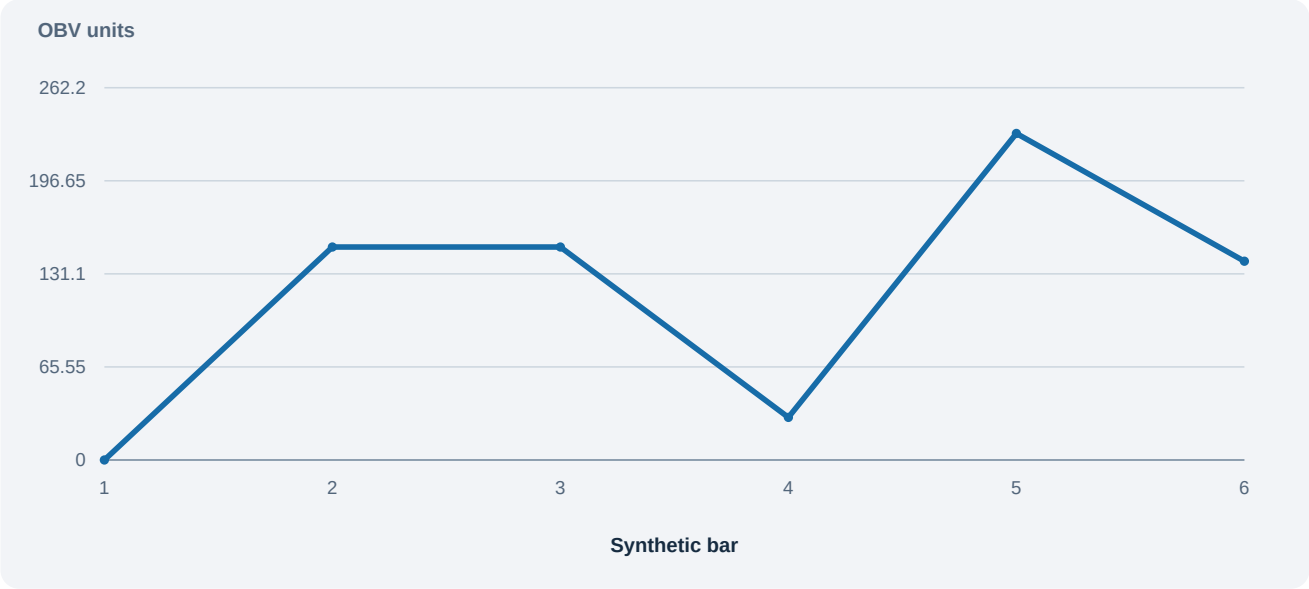
On-balance-volume updates

Volume and auction | Original synthetic example | Edition 2026-11-26

On-balance volume adds a bar's volume when its close rises, subtracts it when the close falls, and leaves it unchanged for an unchanged close under this convention.

FORMULA OBV update = prior OBV plus or minus volume by close direction

SCENARIO 01: Initial OBV zero; equal-close bars add zero



WORKED EXAMPLE

The third close is unchanged at 101, so its 80 volume does not change OBV under this convention.

COMMON MISTAKE

Using intrabar direction instead of close-to-close direction changes the stated indicator.

BEFORE YOU USE THE CALCULATION

1. Compare successive closes.
2. Specify equal-close treatment.
3. Treat the initial OBV level as an arbitrary anchor.

COMPARE TWO MORE INPUT SETS

Scenario 05: Initial OBV zero; equal-close bars add zero. The third close is unchanged at 141, so its 400 volume does not change OBV under this convention.

Scenario 10: Initial OBV zero; equal-close bars add zero. The third close is unchanged at 191, so its 800 volume does not change OBV under this convention.

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