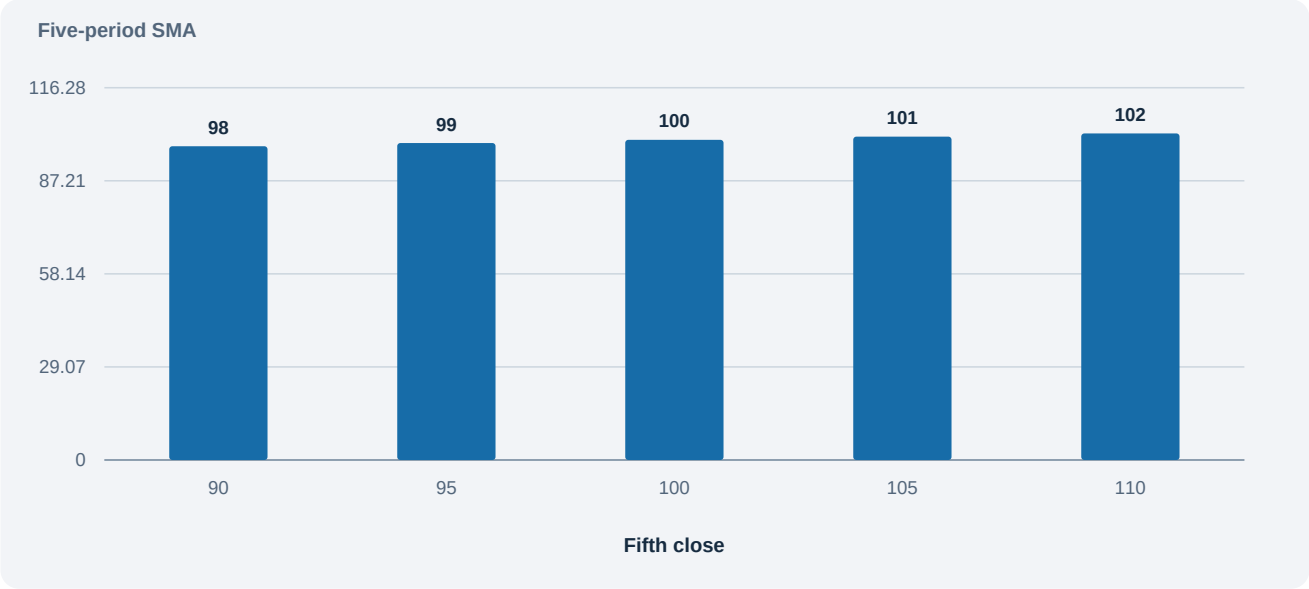
Simple moving average window

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

A simple moving average assigns equal weight to each observation in a fixed trailing window. When a new observation enters, the oldest observation leaves the window.

FORMULA SMA = sum(window closes) / window length

SCENARIO 01: Five-close SMA; first four closes 97, 99, 101, 103



WORKED EXAMPLE

With fifth close 100, the five-close average is 100. Every close carries weight 1/5.

COMMON MISTAKE

Calculating with future closes introduces information unavailable at the time of the signal.

BEFORE YOU USE THE CALCULATION

1. Use a trailing window.
2. State the window length.
3. Explain how incomplete initial windows are handled.

COMPARE TWO MORE INPUT SETS

Scenario 05: Five-close SMA; first four closes 137, 139, 141, 143. With fifth close 140, the five-close average is 140. Every close carries weight 1/5.

Scenario 10: Five-close SMA; first four closes 187, 189, 191, 193. With fifth close 190, the five-close average is 190. Every close carries weight 1/5.

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