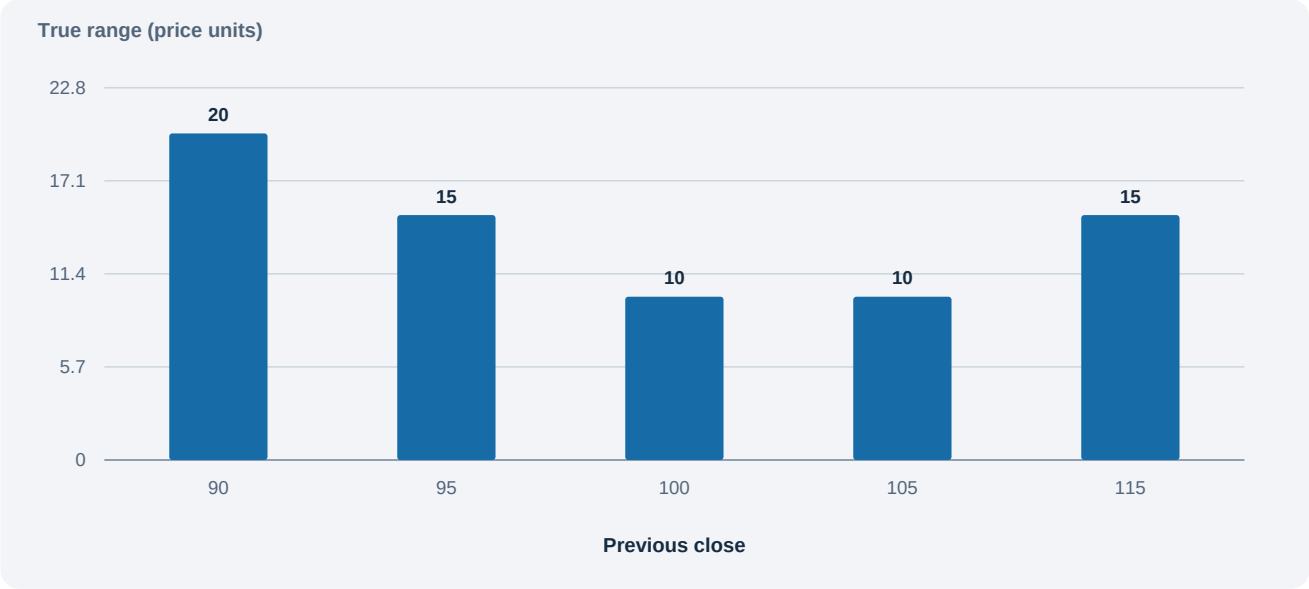
True range and previous close

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

True range is the largest of the bar range and the two distances from the prior close. Including the previous close allows an overnight gap to influence the measurement.

FORMULA TR = max(high-low, abs(high-prev close), abs(low-prev close))

SCENARIO 01: Current low 100; high 110; prior close varies



WORKED EXAMPLE

A prior close of 90 makes true range 20 despite a current high-low range of 10.

COMMON MISTAKE

Using only high-minus-low omits a gap outside the new bar's range.

BEFORE YOU USE THE CALCULATION

1. Use the preceding close.
2. Compare all three candidates.
3. Keep true range distinct from its moving average.

COMPARE TWO MORE INPUT SETS

Scenario 05: Current low 140; high 150; prior close varies. A prior close of 130 makes true range 20 despite a current high-low range of 10.

Scenario 10: Current low 190; high 200; prior close varies. A prior close of 180 makes true range 20 despite a current high-low range of 10.

Background context: Fidelity: Technical indicator guide

Learn. Analyze. Practice. Trade Smarter. | Original calculations; background sources provide context.

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