



Accelerator Oscillator Indicator: Bill Williams Momentum Tool

Description

The Accelerator Oscillator Indicator is a technical analysis tool used in stock, forex, and crypto market to measure the momentum of a price trend. The indicator developed by the Mr. Bill Williams as well known trader and author. The risk reward ratio of accelerator oscillator combined with [exponential moving average](#) is 1:5 and 1:10. The retail trader holds the losing trades but book a small profit in winning trades. Today we will discuss, what is Accelerator Oscillator, and how to use in trading view chart.

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What is Accelerator Oscillator Indicator

It helps traders identify potential reversals in the market by measuring the acceleration or deceleration of the momentum behind a price movement. It's a improved version of Awesome Oscillator (AO), if we subtract AO from its 5 period simple moving average (SMA) the result is accelerator oscillator.

Accelerator Oscillator (AC) Indicator Formula

1. Calculate the Awesome Oscillator (AO):

$$AO = SMA_5(\text{Median Price}) - SMA_{34}(\text{Median Price})$$

- The **Median Price** is:

$$\text{Median Price} = \frac{\text{High} + \text{Low}}{2}$$

- SMA_5 is the 5-period simple moving average of the Median Price
- SMA_{34} is the 34-period simple moving average of the Median Price

2. Calculate the 5-period Simple Moving Average of the AO:

$$SMA_5(AO)$$

3. Calculate the Accelerator Oscillator (AC):

$$AC = AO - SMA_5(AO)$$

How To Use Accelerator Oscillator Indicator

[Cup and Handle Pattern: A Proven Strategy for Bullish Markets](#)

1. Login to your [trading account](#) and open chart.
2. Click on “**Indicator**” section and search for “**Accelerator Oscillator**“, click to add.
3. Now open the accelerator oscillator indicator settings, change the **color 0 and 1** to such as blue and yellow. Also change the **thickness of line**.

The Accelerator Oscillator (AC) fluctuates around a zero line, and understanding its behavior relative to this zero line is key to interpreting the indicator. Here's how to use the zero line to analyze the AC.

Above Zero Line

When the AC is above the zero line, it indicates that the momentum is increasing. If the AC is rising above the zero line, it suggests accelerating bullish momentum.

If the AC starts to fall from above the zero line, it may signal that the bullish momentum is weakening and could be a potential signal for a bearish reversal.

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Below Zero Line

When the AC is below the zero line, it indicates that the momentum is decreasing. If the AC is falling below the zero line, it suggests accelerating bearish momentum.

If the AC starts to rise from below the zero line, it may signal that the bearish momentum is weakening and could be a potential signal for a bullish reversal.

Crossing the Zero Line

A cross of the zero line by the AC can be a significant signal. A cross from below to above the zero line might indicate a potential buying opportunity or a shift to bullish sentiment.

Conversely, a cross from above to below the zero line might indicate a potential selling opportunity or a shift to bearish sentiment.

Drop a line in the comment section for any help! Let's know the name of indicator do you use in trading.