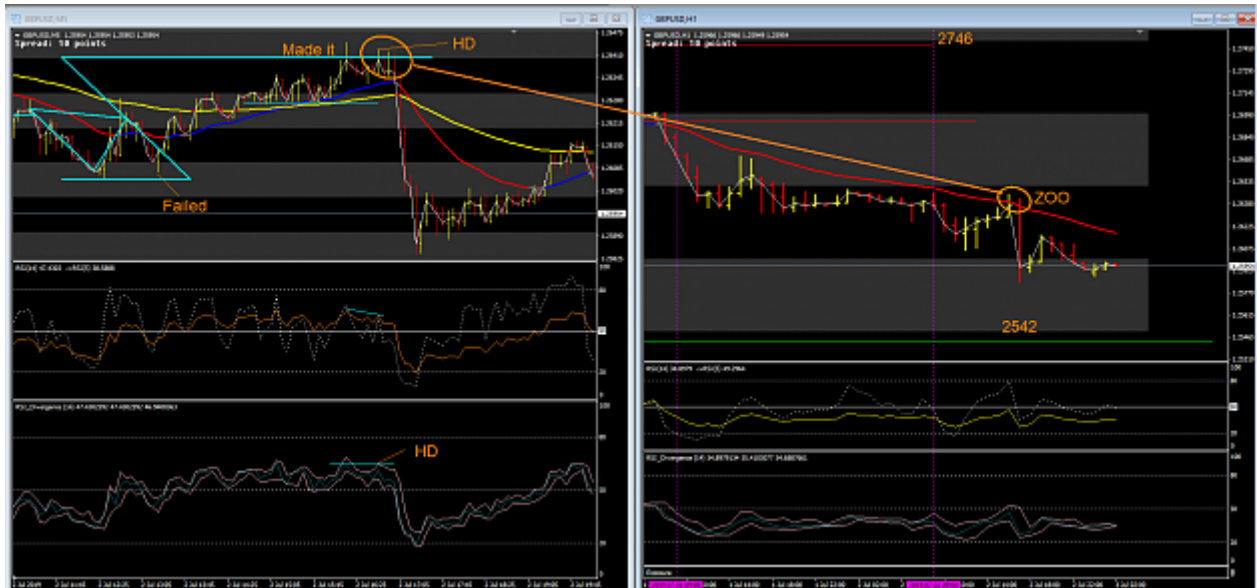


1 Attachment(s)

Yesterday I suggested you all should be looking for shorts as we are trading below the 1H ema. You can go long but remember they are scalps.

Look what happened when price got back to the EMA, traded at the 5M level you would have seen this.



1 Attachment(s)

Just before the session starts today and I get busy I'll just say a few things about divergence which may help the newbies.

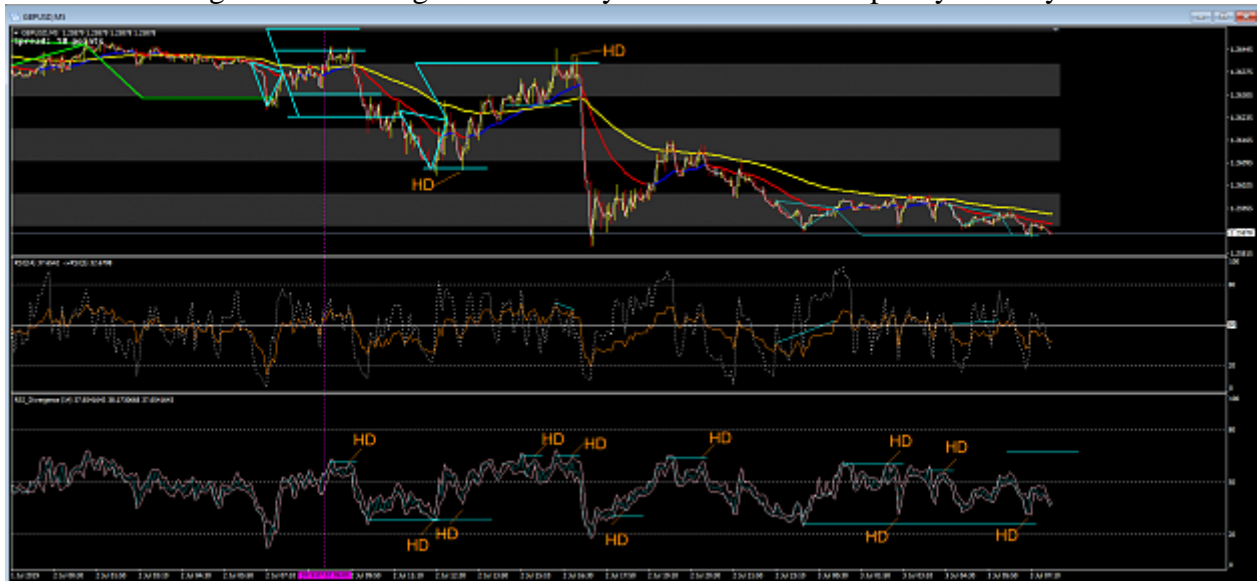
There are several kinds of divergence:-

- 1) Regular bullish or bearish divergence. These should only be taken with supporting evidence such as a higher time frame ZOO point.
- 2) Continuation divergence which forms the ABC triangle to give a target D
- 3) RSI divergence where the Fast RSI conflicts with the slow RSI.
- 4) Hidden divergence where price for a fleeting moment was in regular divergence and snaps back to be hidden. This requires an RSI history to see it.

All of these divergence situations should take price back to the EMA but if they fail then price will make the HH or LL depending on the direction.

Of the 4 the latter hidden divergence is probably the best because it is easily seen, has a defined stop above itself but it lacks a target which has to come from some other source. This is still the best for newbies to trade if they just want to develop a simple system. It does require work in the form of testing the pivots in real time looking for the divergence signal.

Here below is the 5 min chart and I have shown clearly where the Hidden divs are and the con/divs forming the ABC triangles. There may be more but this is plenty to study.



Jazz1964

Jul 3, 2019 4:55am | Post# 3933

1 Attachment(s)

I also just came back home and just checked what opportunities were presented

Who was able to catch something?

The short just before 108 was valid but I wonder if I would have pushed the button.

ABCD target on M5 just missed its target.



Nala66

Jul 3, 2019 7:10am | Post# 3941

1 Attachment(s)

[Quoting RobertMY](#)

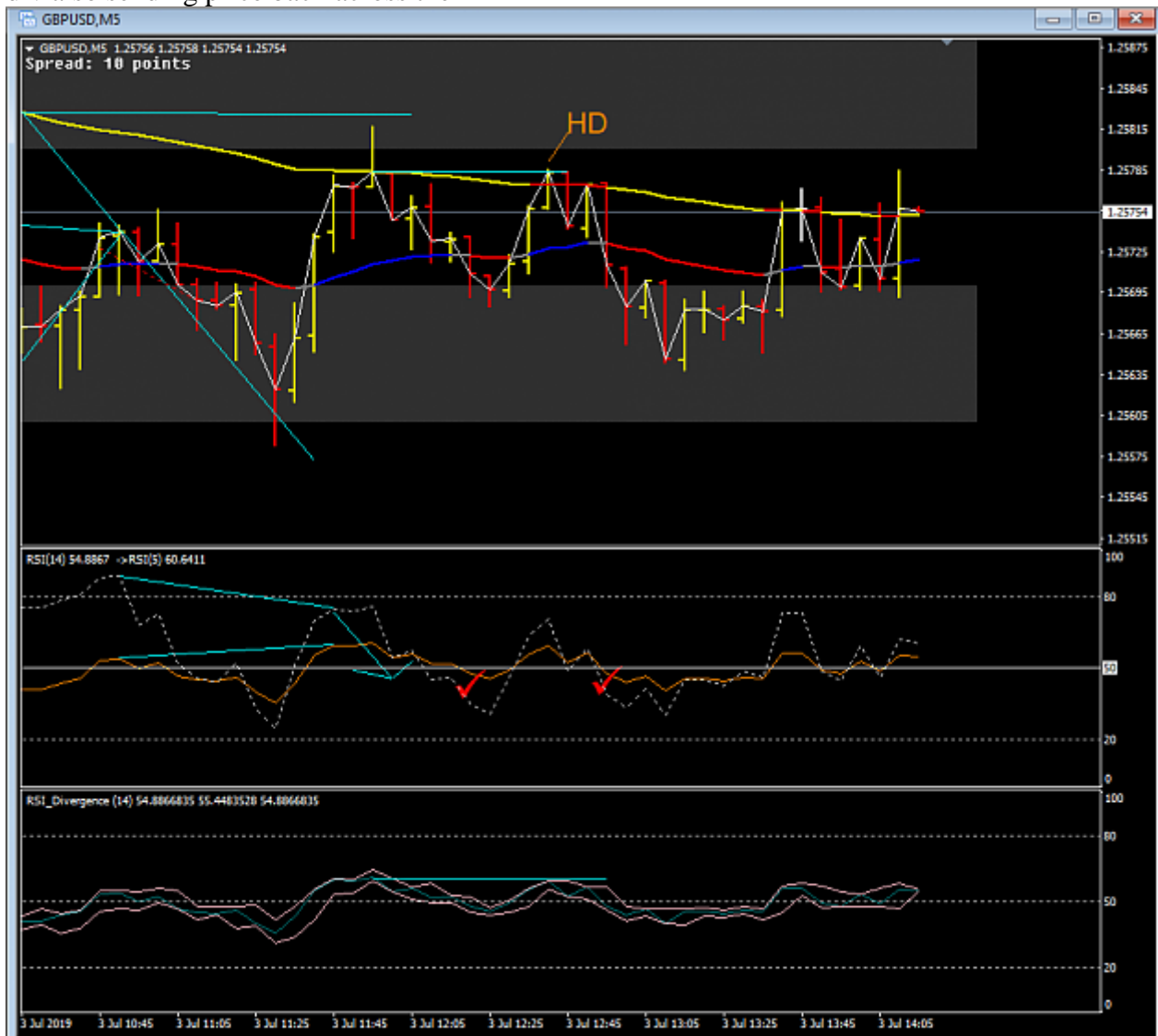
Disliked

{quote} Just a small thing: I am wondering if you handle RSIslow/RSIfast divergences equal, like it doesn't matter in what direction they are pointing. Or am I wrong and the question is

solved at the point if the slow is below fast (and vice versa)? For me it seems like any RSI/RSI divergence points in the direction change towards average for you. Or am I just confused?

By RSI slow and fast I assume you are comparing these with one another which is correct and they try to send price back across the average which is the same as the RSI 50% level.

For example here you see an RSI div sending price back across the EMA followed by a hidden div also sending price back across the EMA



Nala66

Jul 3, 2019 9:09pm | Post# 3954

1 Attachment(s)

[Quoting RobertMY](#)

Disliked

{quote} Let me come closer to my question

Perhaps this will help a little.

Divergence is not really a term I would use but I wasn't around to invent it. I much prefer the term conflicting or whatever.

The point is we are comparing apples to apples (RSI to RSI) and not apples to pears (RSI to

price) to locate these conflicting situations. By using these two RSI's in tandem like this we can glean so much more information than we would do with just the one.

I don't just look at the high/low swings but rather try to understand the story that is being unfolded from the information given.

Just above the conflict shown we see yet another conflict so our long would be terminated here and consider going short. Note how it is also at the 15M Zoo point.

So putting it all together we can track the ebb and flow of the price action



Nala66

Jul 4, 2019 1:25am | Post# 3957

1 Attachment(s)

Well what can we make of this situation.

Is the weekly going to bounce or cross?

Is the 1H going to find bull support or fail again and head south?

We can only go by the signals to be presented hey!



Jazz1964

Jul 4, 2019 1:49am | Post# 3958

1 Attachment(s)

[Quoting blessedchuck](#)

Disliked

{quote} i went through the pdf and it's not there. i copied all that info already in the pdf because i was going to make one (a pdf) with the same info.

It's sure there.

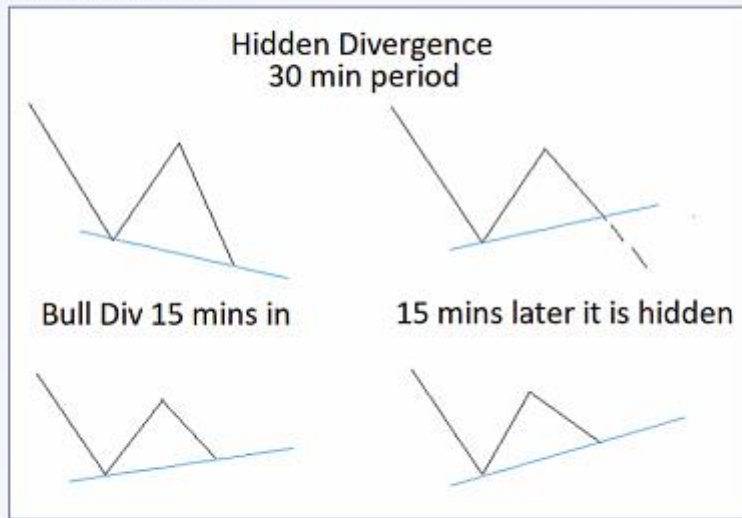
Ok the question of hidden divergence.

First off, let's not get into why things have particular names, remember the names came from people in the past applying them rightly or wrongly and through the passage of time have become accepted terms. I have argued my case in the court of public opinion many times but it is extremely difficult to prove the world is not flat if so many believe it is so. OK having said that I will stick with my terminology and tell you why it is so.

A regular divergence in the bullish sense is where the price makes the lower low pivot but the indicator (RSI) makes a higher low pivot, in other words they are telling a conflicting story.

The difference between a regular divergence and a hidden divergence is in the pivot timing. Let's say we are looking at a 30 minute chart and 15 mins in we see we have a divergence, traders bail out of their shorts (or hedge) and they and others start buying so in effect the divergence disappears over the latter 15 mins making the signal a now hidden divergence because we can no longer see it, in effect it is hidden from view because the RSI does not have wicks and tails like the price chart so we have no history to refer to. We have to be there to see it at the time, we cannot see something that is hidden.

Attached Image (click to enlarge)



Nala66

Jan 13, 2019 7:15am

Quote

Cleanup

Post 1,058

Nala66

Jul 4, 2019 3:14am | Post# 3959

1 Attachment(s)

Small moves again today, I hope things improve a tad



Nala66

Jul 4, 2019 4:45am | Post# 3964

1 Attachment(s)

Not much by the way of signals as yet. Two fairly good divs on the 1 min with the hook as the second entry.



Nala66

Jul 4, 2019 4:47am | Post# 3965

Note how the hook trade often pays better and quicker than the div and the stop is always just below the div point.

This is another option people can specialise in.

Jazz1964

Jul 4, 2019 6:36am | Post# 3973

1 Attachment(s)

I don't know if it makes a bit of sense. I used M1 too which is a pain for me. Sometimes I miss the clear signals (which Alan showed today) and sometimes I act on signals that do not work. Important to mention is that I was short-biased as long as I saw the white charts M5 EMA making LH LL and therefore H1 EMA could not make a turn.

This was possibly not 100% textbook trading but you see I get there today.



Jazz1964

Jul 4, 2019 6:50am | Post# 3977

1 Attachment(s)

Another one (which I didn't take)



Nala66

Jul 4, 2019 6:53am | Post# 3978

1 Attachment(s)

[Quoting Jazz1964](#)

Disliked

I don't know if it makes a bit of sense. I used M1 too which is a pain for me. Sometimes I miss the clear signals (which Alan showed today) and sometimes I act on signals that do not work. Important to mention is that I was short-biased as long as I saw the white charts M5

EMA making LH LL and therefore H1 EMA could not make a turn. This was possibly not 100% textbook trading but you see I get there today. {image}

Did you miss this one Jazz?



Jazz1964

Jul 4, 2019 6:57am | Post# 3979

[Quoting Nala66](#)

Disliked

{quote} Did you miss this one Jazz? {image}

It was reason for the short exit but I didn't reverse. Just what i wrote, was following the M5 EMA making LH and LL's.

Got to say I had immediately regret 😊

But hey, this was not bad trading 😊

Nala66

Jul 4, 2019 7:06am | Post# 3980

1 Attachment(s)

Check this out guys...



Nala66

Jul 4, 2019 11:47pm | Post# 3986

1 Attachment(s)

[Quoting valeri8888](#)

Disliked

{image} Alan. Is this a correct hook ??

Yep..

And this...



Nala66

Jul 5, 2019 12:20am | Post# 3987

1 Attachment(s)

We have this div hook also on the weekly which seems to be running into div at the swing low level.

On the hour we have a ridiculous long flat spot which appears to be unable to break up past the Doji.

Its about time we got some movement one way or the other.

However Polly has already made 25.28% so this weeks task is completed, any more would be a bonus.



Nala66

Jul 5, 2019 2:05am | Post# 3991

1 Attachment(s)

[Quoting MrMagnet](#)

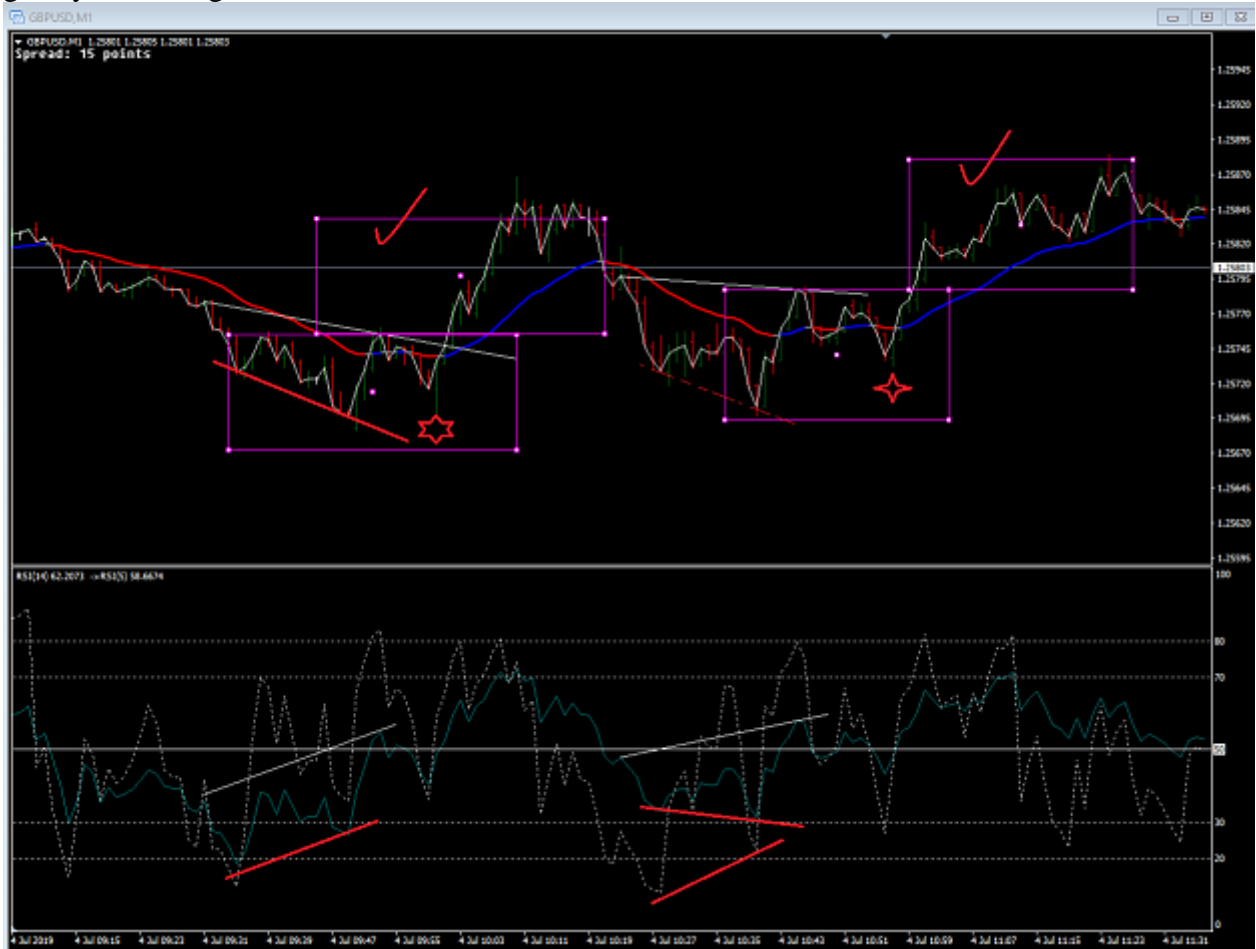
Disliked

{quote} With the 2 hook entries, why would you say to yourself that this is a hook entry coming up as opposed to the abcd running down to it's targets. I would have been short both times with the 1hour bias under the 26ema. Is this just a pattern you have noticed that happens around the end of the 1 hour candle ending or are we looking at the 5m failure to make a LL, maybe both? TIA {image}

Sorry MM I don't know why I miss these posts they seem to pop up from nowhere.

I guess you have answered your own question here if the chart was drawn in completed. You have the divs followed by the hook followed by the div that gave you the ABC triangle which

gave you the target. Whew!



Nala66

Jul 5, 2019 5:33am | Post# 4001

1 Attachment(s)

[Quoting david321](#)

Disliked

alan when we watch divergence on 5 mint do we consider how far away is 5 mint ema . if yes than how much it should be away from price for worth trading

Well think about it...

Price is trading below the average so a bull div can only initially be regarded as a scalp or a

hedge. Is it worth the risk or better to wait for a short signal?



Nala66

Jul 5, 2019 5:45am | Post# 4002

1 Attachment(s)

Getting very close to that 2542 (post 3919)

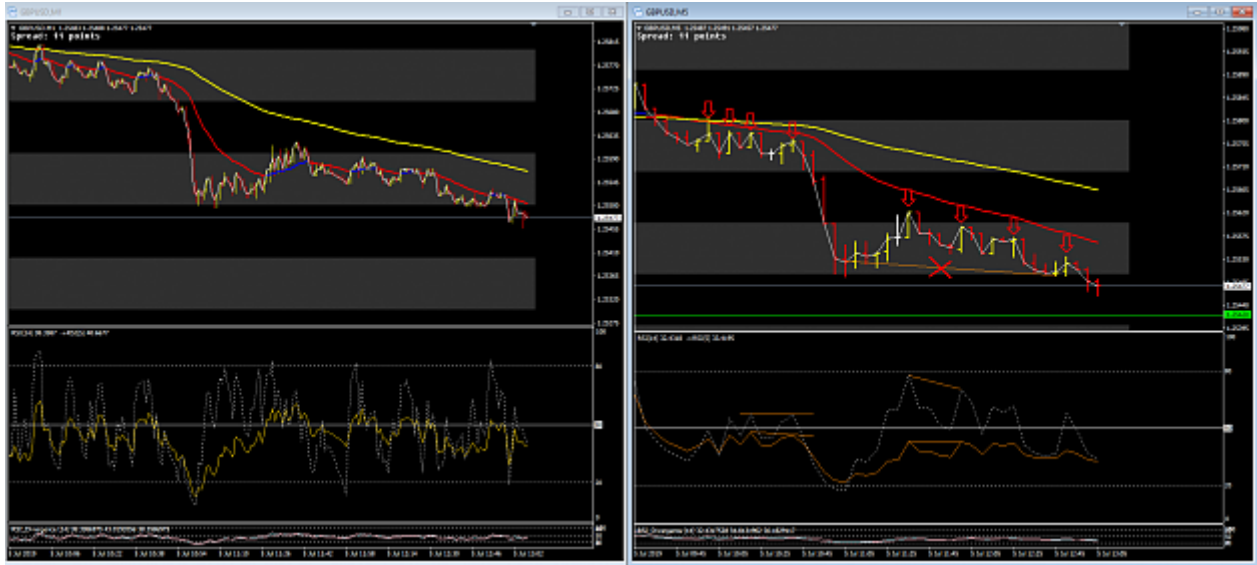


Nala66

Jul 5, 2019 6:09am | Post# 4004

1 Attachment(s)

If we use the 5 min as the inference chart then we have to look to the 1 min for the entries



Nala66

Jul 5, 2019 3:46pm | Post# 4021

1 Attachment(s)

[Quoting luckyvictor](#)

Disliked

Alan At the time of trading, would you consider this as two bar test btw? I entered in the green bar in the circle as the previous bar close above the bottom, also taking the inference from H1, but obviously it failed. {image}

Why look for longs?



Nala66

Jul 5, 2019 4:03pm | Post# 4024

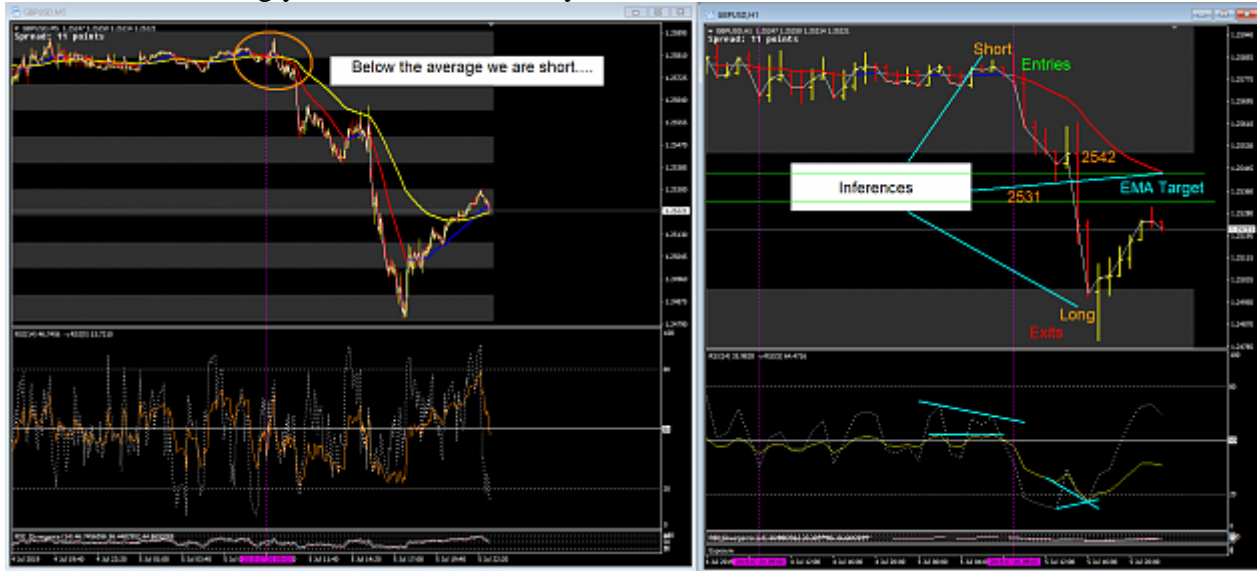
1 Attachment(s)

[Quoting luckyvictor](#)

Disliked

{quote} but according to Alan, we just need to look at the price action, the signals

That is the first thing you have said correctly.



Nala66

Jul 5, 2019 4:17pm | Post# 4025

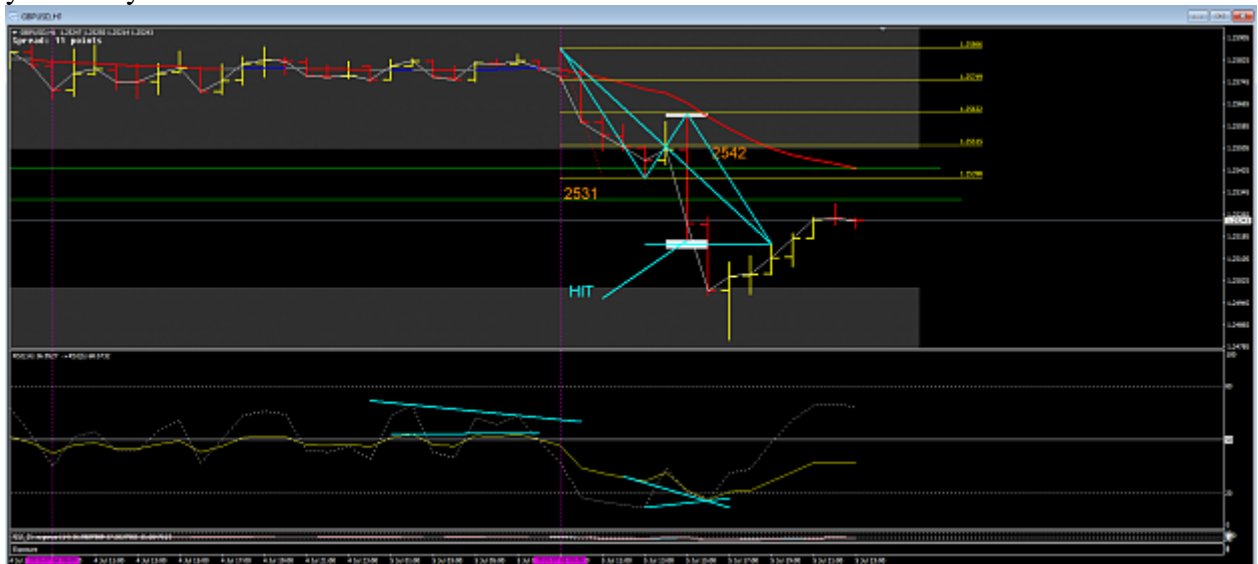
1 Attachment(s)

[Quoting luckyvictor](#)

Disliked

{quote} But fast RSI on H1 was below 20. And after that, price kept dropping and fast RSI on H1 couldn't catch that speed, so at that time, while the H1 candle was forming, it looked like a rsi to price divergence. That's why I went to M5 look for further bullish divergence. So how should I read the graph today please I feel like I still have some misunderstanding on some key concepts, but I don't know what I am doing wrongly

I don't think you are even plotting your charts... This simple $AB = CD$ is not even mentioned in your study.



Jazz1964

Jul 6, 2019 8:36am | Post# 4042

1 Attachment(s)

My bias before 108 was up because of M5 EMA making HH and HL. Also H1 EMA went flat and possibly would turn up. So I went Long which ended in a bit of loss.

Then I had to go to the hospital so I missed out the best opportunities. I came home with a distracted mindset, I thereby violated my rules as soon as I started trading again. I messed up my day 😊 old behavior, bad analyses.

But hey, the losses aren't big compared to the winners from the days before because I get my stops tight and entries quick, so no worries at all. I just need to refocus on Monday.

What I did now is checking the charts in hindsight. What did I do wrong and what opportunities did I miss?

I advise doing the same.

In the picture I post here, I think I get the analyses straight enough.

As long as we trade below the EMA, all the tops in the fast RSI gave nice entries short.



Jazz1964

Jul 6, 2019 10:17am | Post# 4051

1 Attachment(s)

[Quoting luckyvictor](#)

Disliked

{quote} Btw, how would you analyze the rest of the day?



Jazz1964

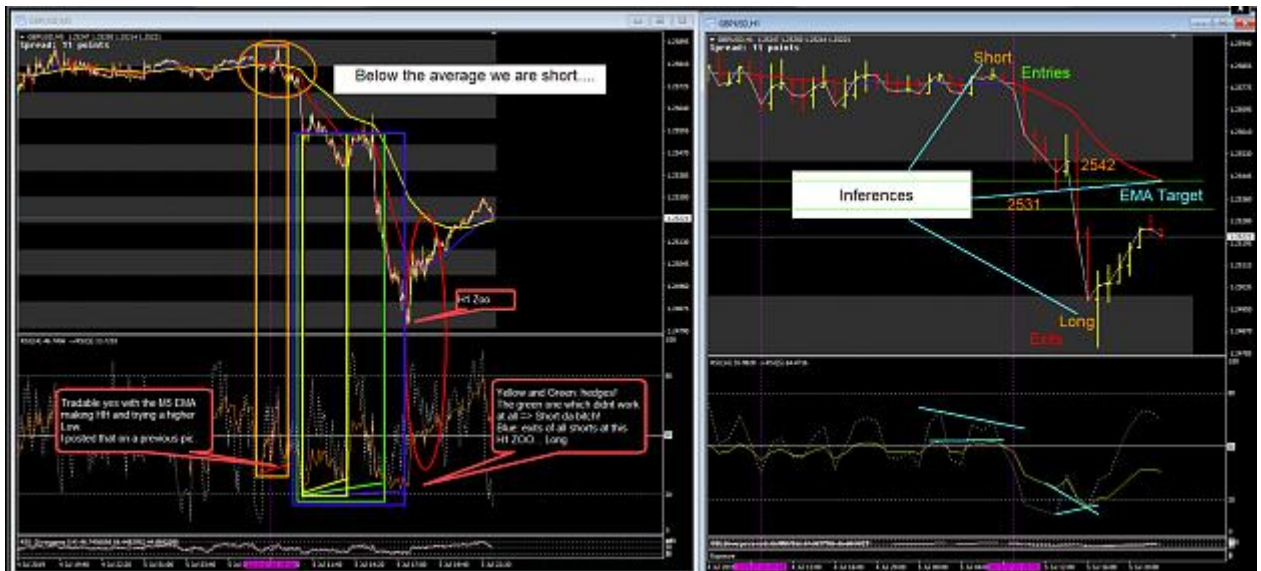
Jul 6, 2019 10:47am | Post# 4053

1 Attachment(s)

[Quoting luckyvictor](#)

Disliked

{quote} Would you see the divergence that I saw in post 4026(again seeing/identifying and taking action is two different things)?



Nala66

Jul 7, 2019 8:16am | Post# 4061

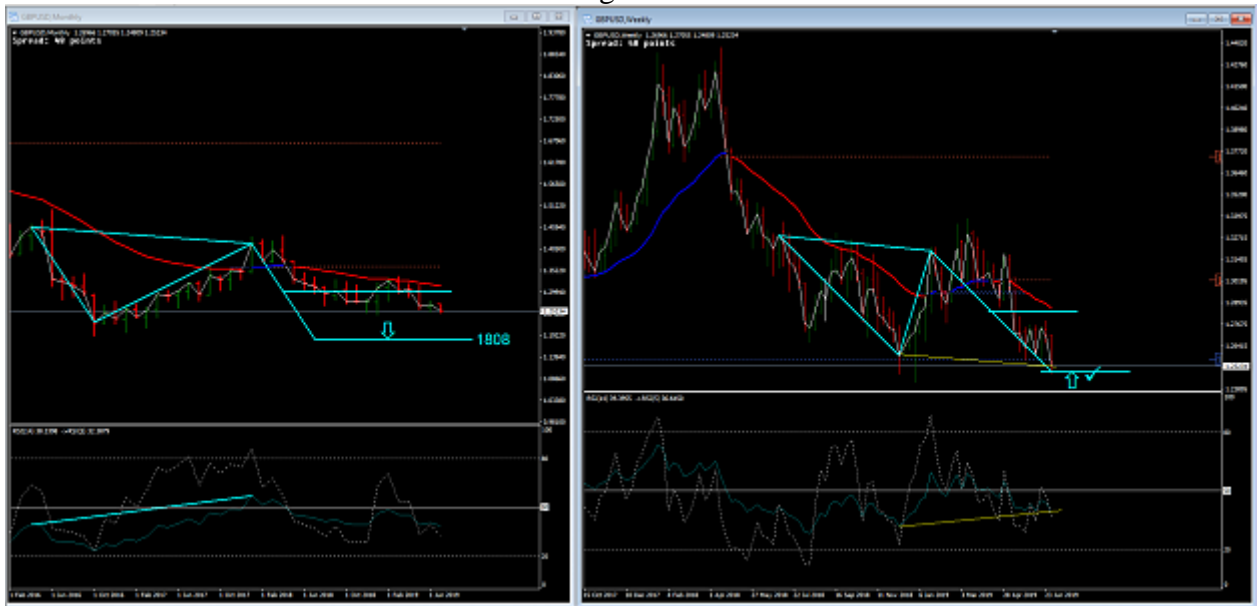
1 Attachment(s)

The week ahead.

If we look at the long term of the monthly we can see that a 1808 is in the wind.

If we look at the weekly we see the target was hit on the nose but it was a hit in divergence. This means we get a weekly pull back to the long side.

This makes it a tad difficult to form such a long term view.

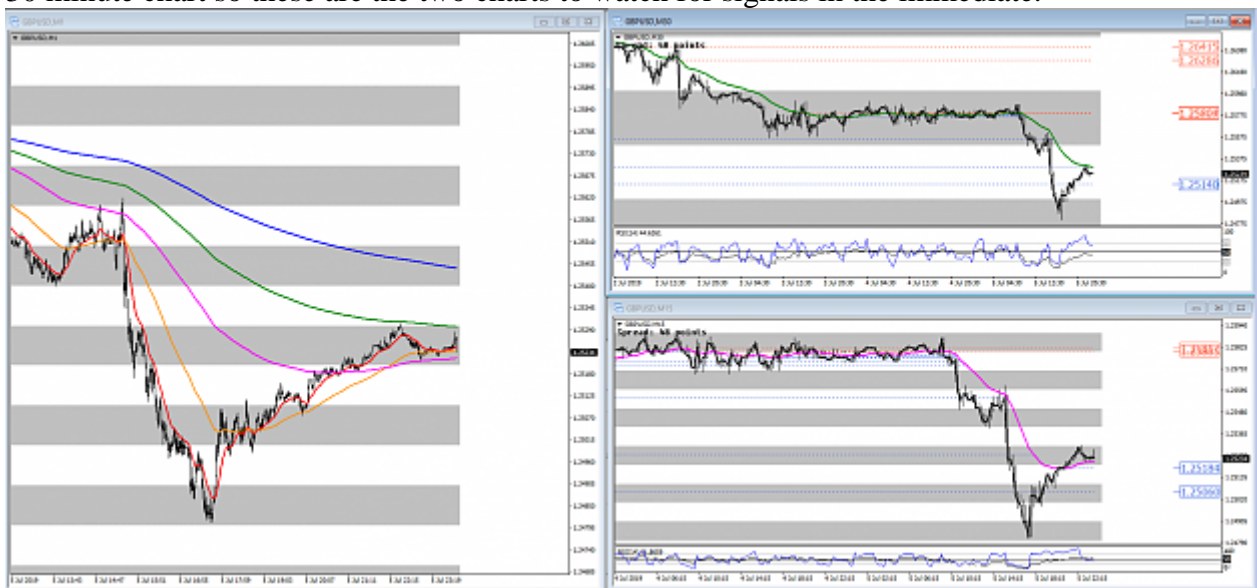


Nala66

Jul 7, 2019 8:25am | Post# 4062

1 Attachment(s)

Looking at my 1 minute chart I can see we are between the averages of the 15 minute chart and the 30 minute chart so these are the two charts to watch for signals in the immediate.



Jazz1964

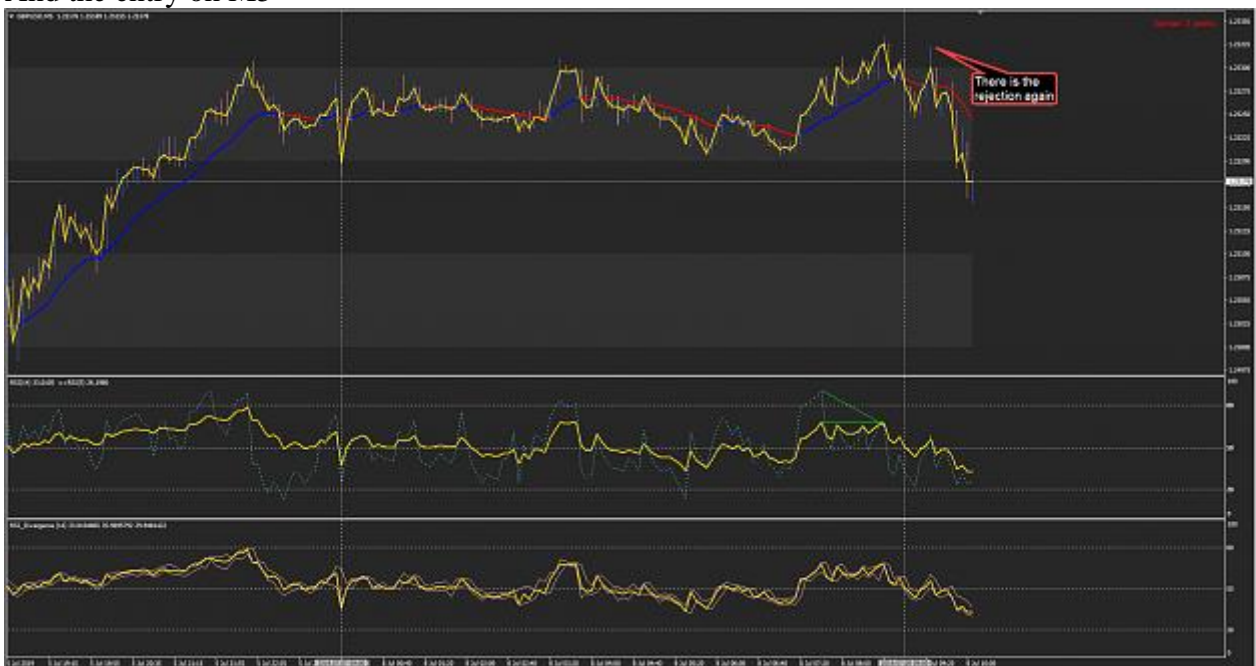
Jul 8,
2019
3:09am
| Post#
4070

2 Attachment(s)

Here is the H1 ZOO



And the entry on M5



Looking at that rejection, if it would have made a pip or two extra to the upside, that would have been a clean HD. Easy to spot it's going to develop that way.

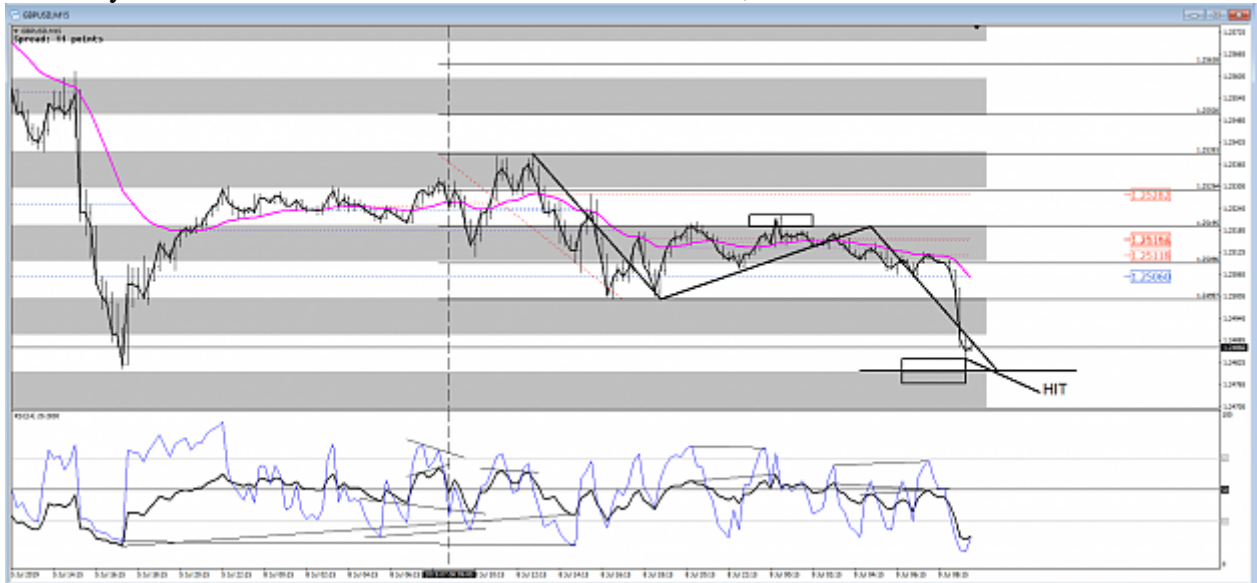
Nala66

Jul 9, 2019 2:48am | Post# 4084

1 Attachment(s)

The 15 min has hit its $AB = CD$ target.

Well I ay 15 min but it doesn't matter which chart for this, the result is the same.



Nala66

Jul 9, 2019 3:18am | Post# 4086

[Quoting RobertMY](#)

Disliked

{quote} It is a bit frustrating: I simply don't know why you draw your AB CD pattern that way. Why is C where it is? Can you give me an enlightening post number, please? 🙏😊

This is one of the simplest things to do.

We have a swing high above the EMA = A
We have the swing low below the EMA = B
Therefore C is the mid point of AB or 50%.

We mark these LEVELS up. (I use my Quartile tool it is easier)
Then we have a plus or minus value because it doesn't always stop at exactly 50%

Nala66

Jul 9, 2019 3:30am | Post# 4088

1 Attachment(s)

[Quoting RobertMY](#)

Disliked

{quote} Sure... Sorry... I was caught in too complicated thinking. 😊🔫

Here it is drawn on the 30 min chart, you can print it off as a reference.



Nala66

Jul 9, 2019 4:51am | Post# 4092

[Quoting Kmw](#)

Disliked

Gidday everybody. Nala thanks for the threads. I'm subscribed to both this one and the quartile thread, plenty of good knowledge being given in them both by yourself and others. Downloaded the PDF and going through it as well. Taken some screen shots as well. Like the double RSI, especially the divergence that occurs between the two. Get your eye in Kev. ABC is not something I've understood so was very interested in the above posts with the chart illustrating the concept, cheers guys. I took the liberty of marking up the same chart to see if my...

That is how I use the Quartile too.

For those not familiar with it, it is just the fib tool converted to quarters.. If we span the top and bottom so that the top of the Quartile is at the top of the swing. Then put the mid point of the Quartile to the bottom of the swing. What we then see is the retrce to the 3 Quartile and the target at the bottom 100% of the Quartile.

Dead easy UH!

Nala66

Jul 9, 2019 5:33am | Post# 4093

1 Attachment(s)

Here on the 30 min you see the Quartile in use, I just cleaned it up a tad.

The first two Quartiles span the swing High/low, An $AB = CD$ would take up the 3rd Quartile but as you can see even the 4th was taken up.

Note how I have the actual prices on the levels so I can simply punch these into the ticket.



Nala66

Jul 9, 2019 8:22pm | Post# 4097

1 Attachment(s)

[Quoting blessedchuck](#)

Disliked

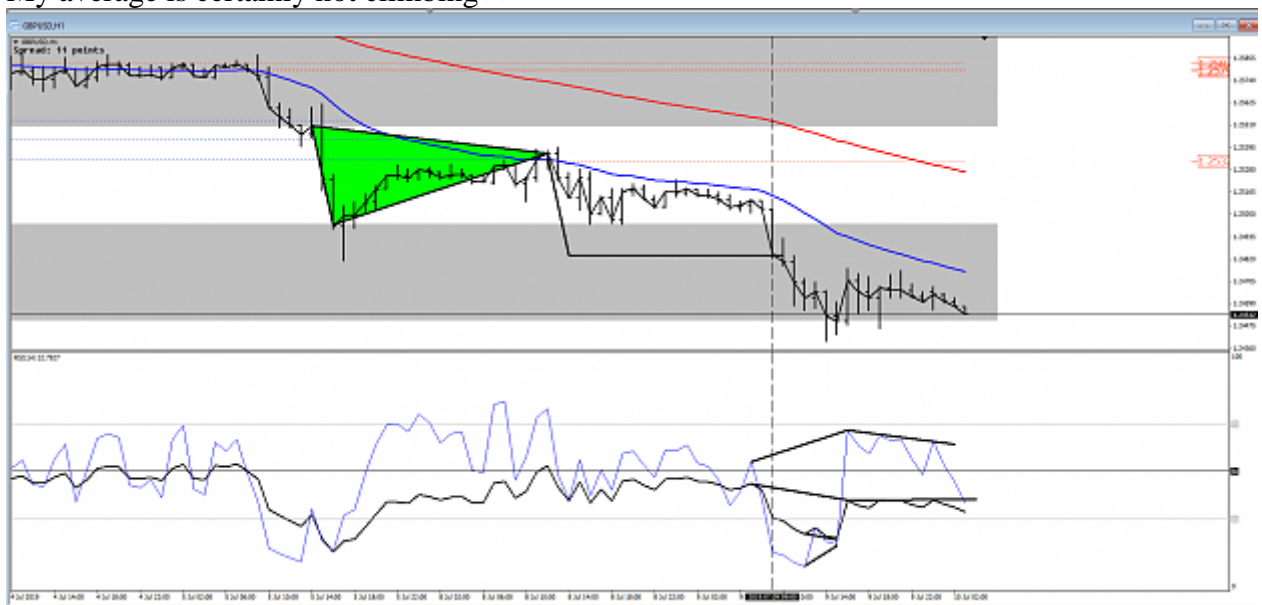
{ quote } the range has just about ended. and we are getting market structure breaks to the upside. **and the avg. is climbing.** so be careful with shorts.

What on Earth is a 'Market Structure Break?'

Simple process here... When trading below the average look for shorts!

It is not over until we begin to trade above the average.

My average is certainly not climbing!?



Nala66

Jul 9, 2019 8:43pm | Post# 4098

1 Attachment(s)

Not much point trading outside the time zone unless one is desperate.



Nala66

Jul 10, 2019 11:54am | Post# 4119

1 Attachment(s)

Polly is fine, didn't think anyone was interested.

There is a whole thread I wrote on the Quartile

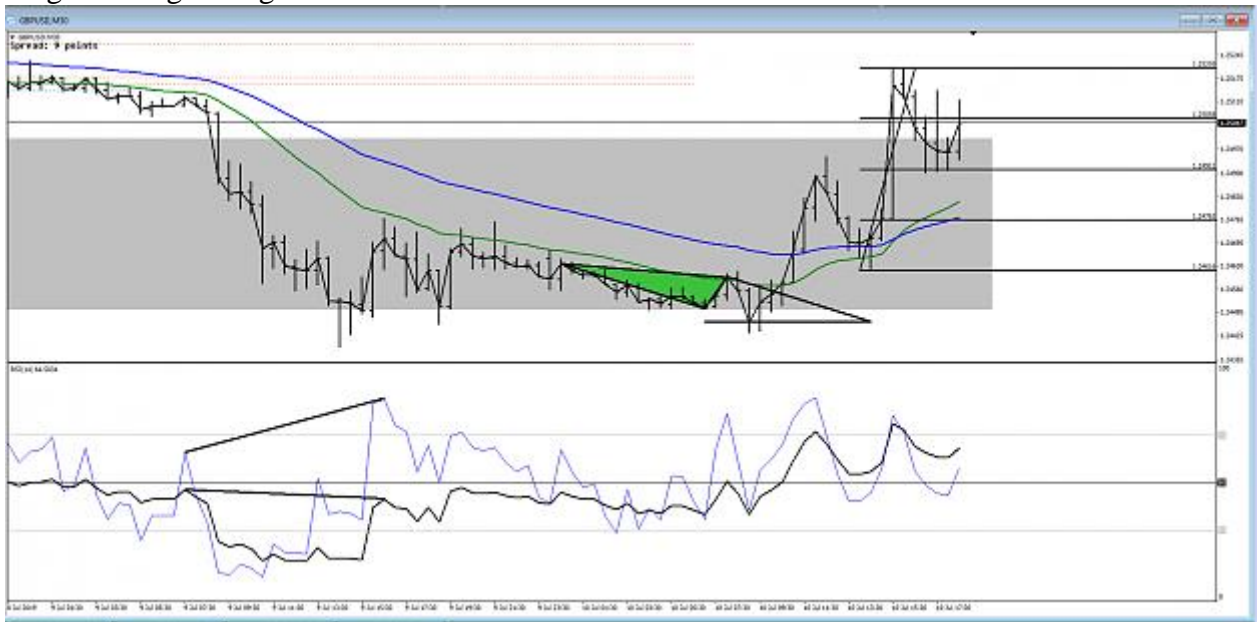


Nala66

Jul 10, 2019 11:57am | Post# 4120

1 Attachment(s)

Here you see me using it on the 30min chart to show where the 50% retrace level is at so I can go long if the signal is given on the 5 min which it was.



Nala66

Jul 11, 2019 3:40am | Post# 4131

1 Attachment(s)

Nearly there



Nala66

Jul 11, 2019 4:12am | Post# 4132

1 Attachment(s)

Because there is actually a range there we could say the target has been hit, so do we wait for a couple of pips or risk losing some profit?

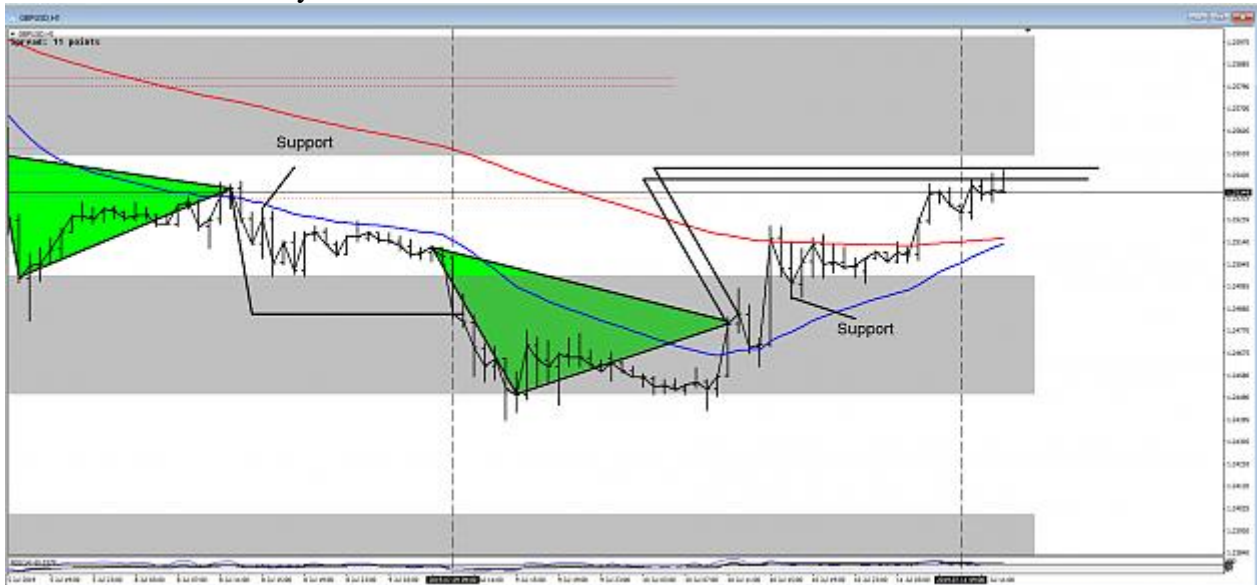


Nala66

Jul 11, 2019 6:05am | Post# 4133

1 Attachment(s)

Well that was definitely a hit so we could look for shorts now.



Nala66

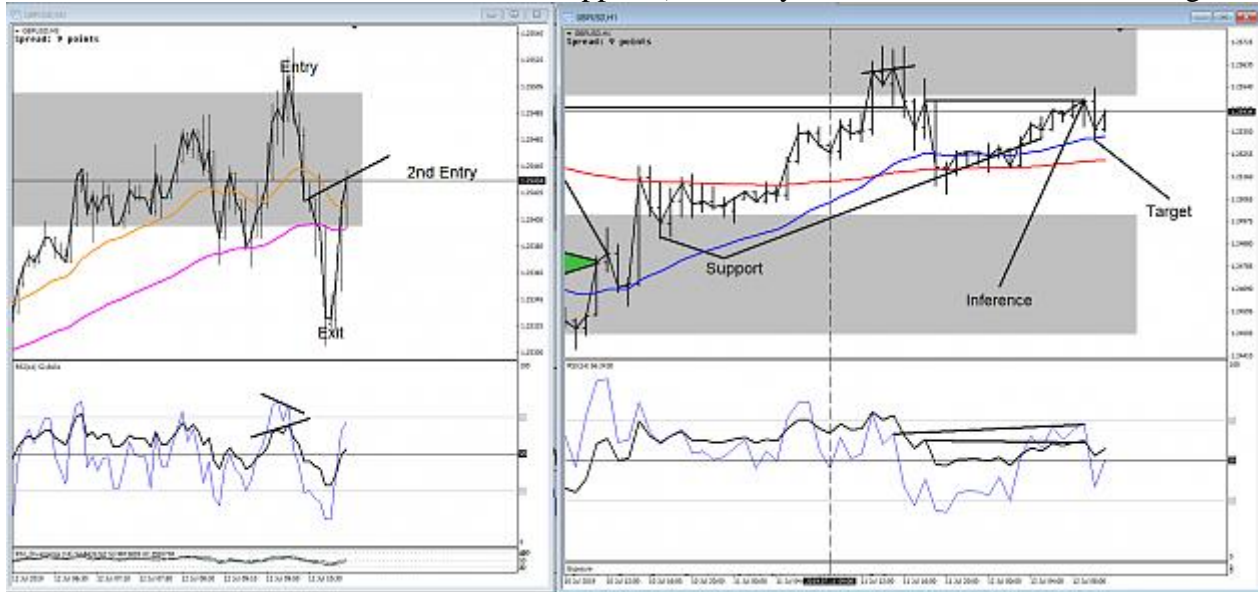
Jul 12, 2019 4:09am | Post# 4141

1 Attachment(s)

So it goes like this...

Inference on the hour was a div. The div should return price to the EMA so on the 5 min we short the div at the top.

On the 5min it crosses the EMA and finds support (2nd Entry and the bolted down to the target.



Nala66

Jul 12, 2019 6:40am | Post# 4148

1 Attachment(s)

[Quoting mayflower](#)

Disliked

Then the bugger goes back up without me!

I see what the problem was I went by your post but that was not drawn correctly. That target one you have looks like it may be on the 30 min...I will check that shortly.



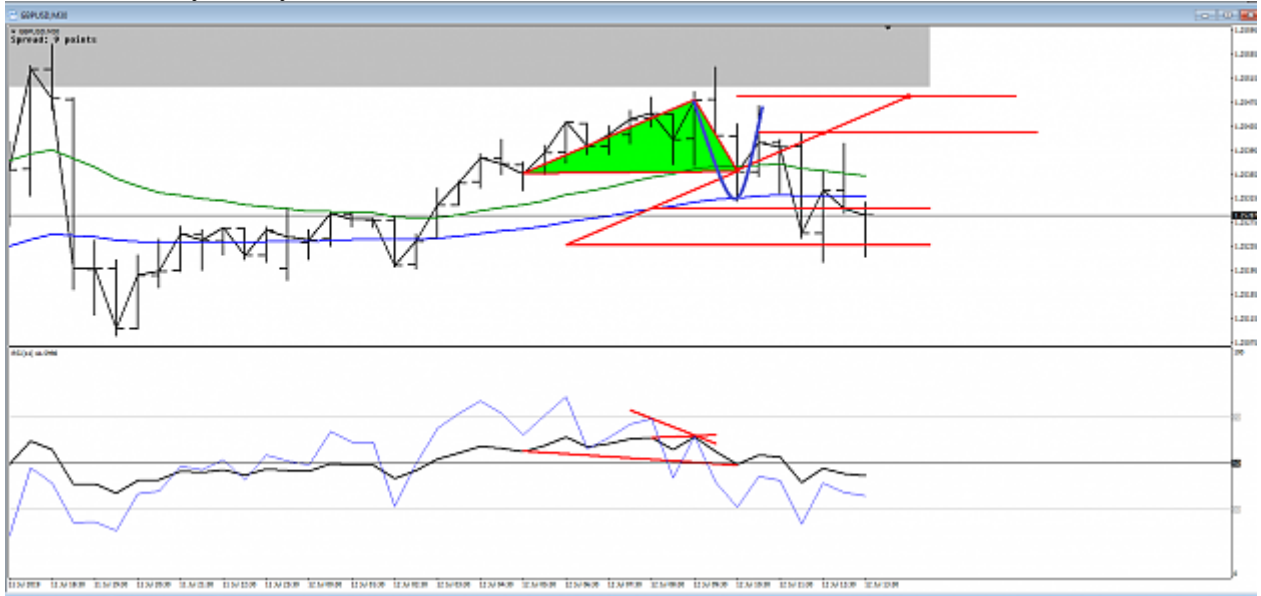
Nala66

Jul 12, 2019 6:48am | Post# 4149

1 Attachment(s)

Yes it was there on the 30min. It started with the RSI div, this was followed by the hook and then it ran to the target.

All in all a very messy trade.



Nala66

Jul 12, 2019 8:13pm | Post# 4153

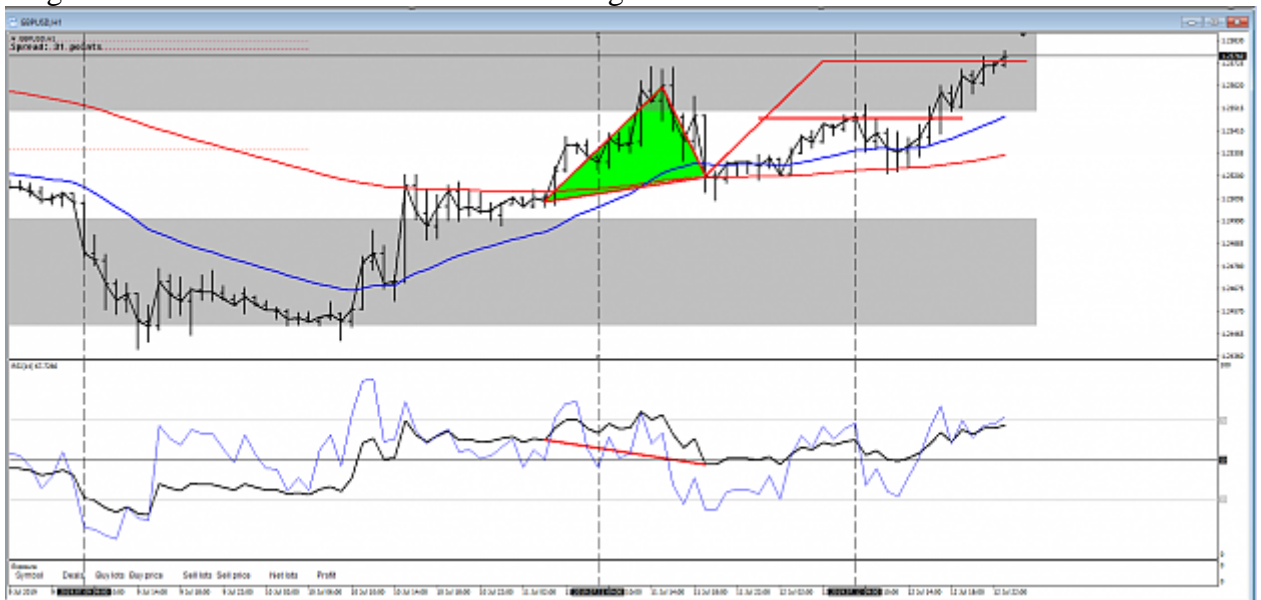
1 Attachment(s)

[Quoting mayflower](#)

Disliked

{quote} Well it pulled back somewhat and then started up again. I re-entered long and it carried on all the way up to the ABCD target of 1.2575 - as indicated in post 4142 some 14 hours ago.

There were several targets some long some short, the one you are referring too was short. The longer term one was on the hour chart for a long.



Nala66

Jul 12, 2019 8:21pm | Post# 4154

[Quoting forex_dimi](#)

Disliked

Hope that one was correct {image}

Correct well done go to the top of the class and give the pencils out 😊

Nala66

Jul 12, 2019 9:21pm | Post# 4155

1 Attachment(s)

This brings us to moves within moves and the relationships of all the things I have shown. How they fit together nicely and why we don't need any more stuff on our charts. Why news does not interest me at all. The charts just about always telegraphs where price is going and why reading the messages in the language spoken is so important.

Just look, I mean really look at the chart below. The green zone presents us with the primary target. We see price bounce at the 50% level which on the RSI was the top of the triangle and an RSI div.

Lower time frames were giving short signals and at the blue box was the 15 min signal giving us a target of the 4 hour EMA. The bears could not find support below the 1 hour EMA and closed in a bullish RSI div. From there ran all the way to the 1 hour target to close the week.

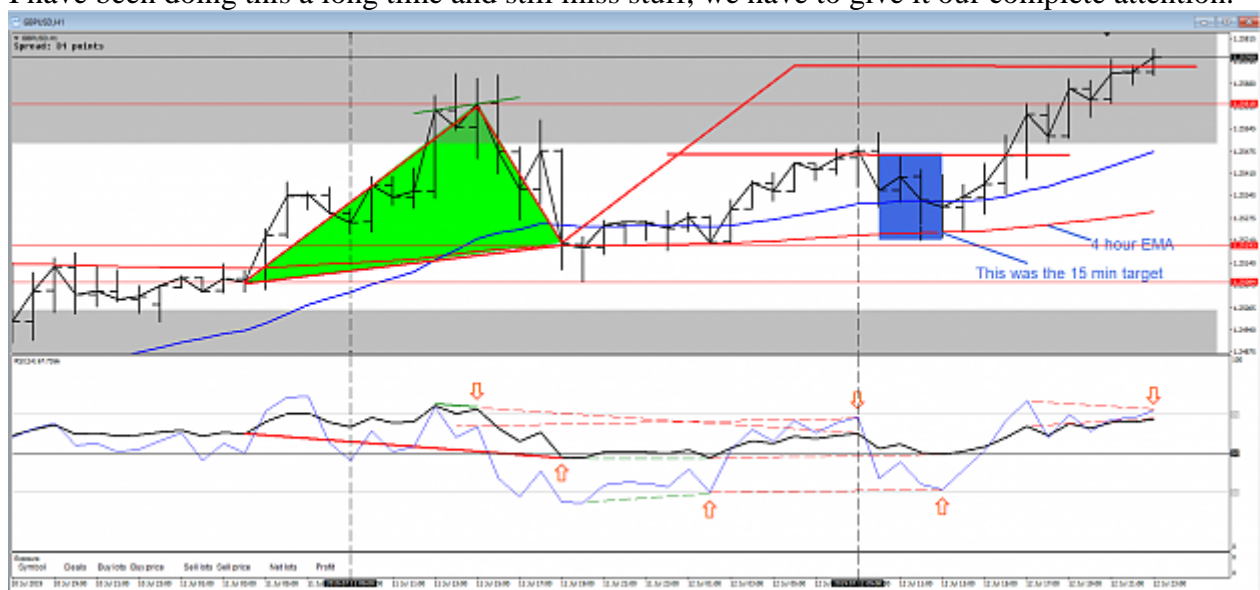
Now we see the 1 hour is again in a bearish RSI div so we may see gappage short over the weekend.

All or this stuff I have explained in past posts.

Then we get some minor moves where we had no signal on the one hour. These are important too because they are simple retracements but in real time cause us much confusion. For example look at the horizontal levels of the triangle All three levels of AB and C were ZOO points to consider. As is also the target D.

It is not easy learning the language of the charts and to throw in other stuff is certainly not going to help. The best way is to track price for yourself and work out why such actions happened and you will start to spot the reasons for everything. The Light Bulb Will Switch ON.

I have been doing this a long time and still miss stuff, we have to give it our complete attention.



Nala66

Jul 14, 2019 10:58pm | Post# 4161

1 Attachment(s)

[Quoting RobertMY](#)

Disliked

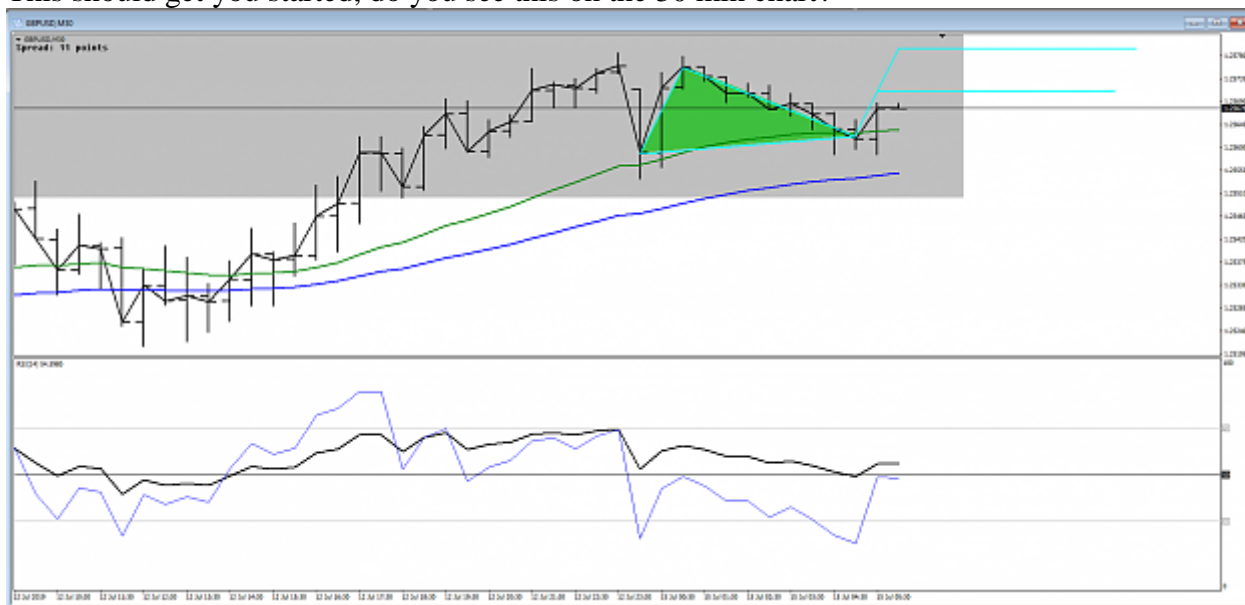
I'm looking very happy forward to this new week. Alan, I really beg you, give us this week steady hints on what to look. This would train my view to see the right things at the right time to improve my skills for the future to do it without further hints. And further, I have still big problems with to put the right stop loss points. I achieved to loose a significant amount in my demo account due to the wrong stop losses. And this is very badly affecting my clear view and confidence.

I'll tell you what Robert, how about you giving the hints on where and why you expect price to go. That way I may be able to correct your thinking instead of me spoon feeding all the time.

See how you go...

I am sure many here would also learn a lot and may even contribute.

This should get you started, do you see this on the 30 min chart?



Nala66

Jul 16, 2019 4:43am | Post# 4177

1 Attachment(s)

[Quoting huskyboy](#)

Disliked

{image} i see this, but dont shoot me if i am wrong, below the EMA so we only should be looking for shorts, but this divergence and the bull RSI/RSI M5 made me enter for a hedge, but it already appears i am wrong

That is not drawn correctly.



Nala66

Jul 16, 2019 4:54am | Post# 4178

1 Attachment(s)

You guys seem to be loosing the plot as to what this thread is about. Trading Between The Averages.

Divergences only play a part of the story, in fact you don't even need divergences.



Nala66

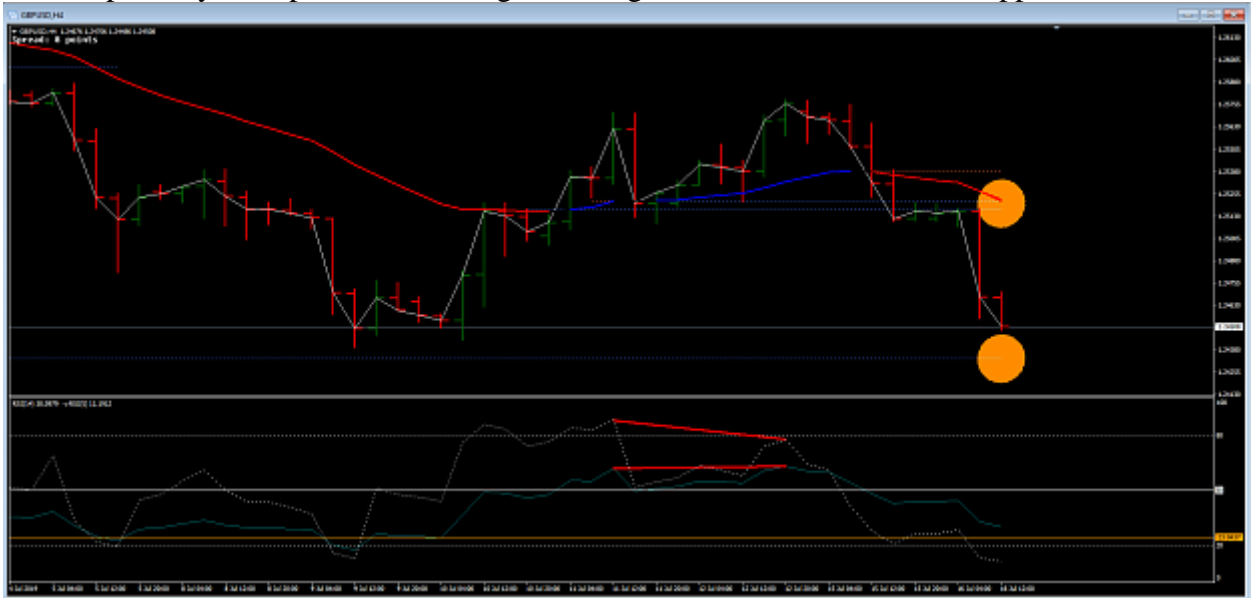
Jul 16, 2019 5:43am | Post# 4180

1 Attachment(s)

This is interesting on the 4 hour.

The average is trying to break the previous average as price then tackles the next average. However at this point it is in divergence so my guess is it will make target before the close of the

bar and possibly even pull out of divergence altogether. Not sure what will happen here.



Nala66

Jul 16, 2019 9:16pm | Post# 4182

1 Attachment(s)

I have posted this before so this just serves as a reminder that the monthly chart is looking at a serious Lower Low

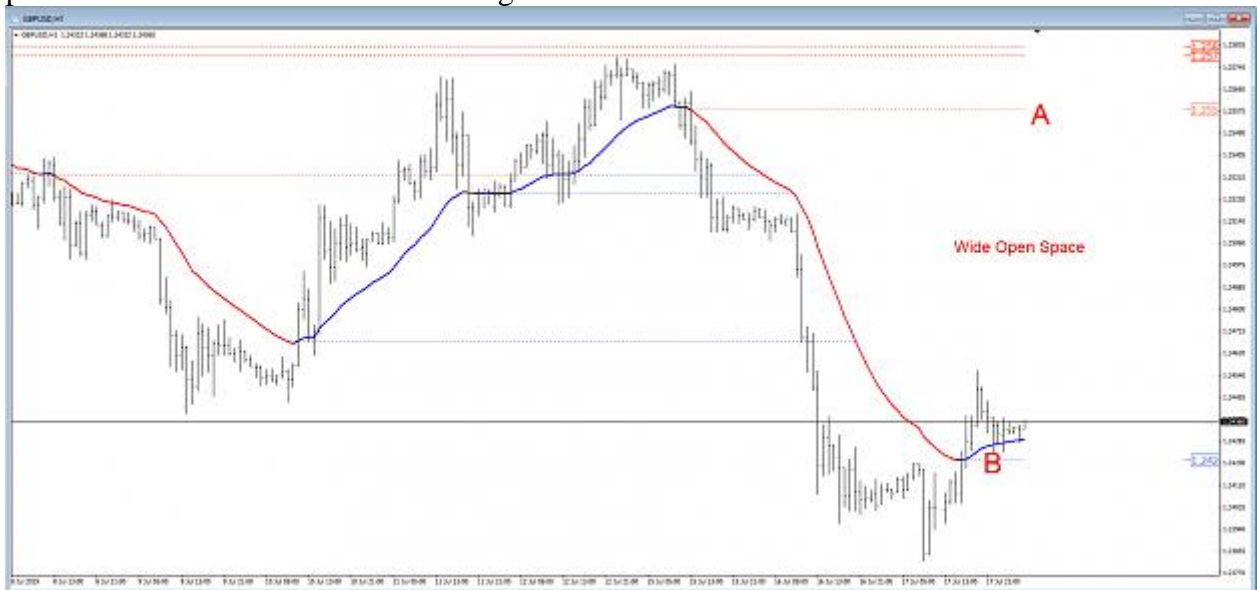


Nala66

Jul 17, 2019 9:12pm | Post# 4193

1 Attachment(s)

Based on the southerly direction of the 1 month chart I would expect the bears to break the lower point B before the bulls take out the higher level A.

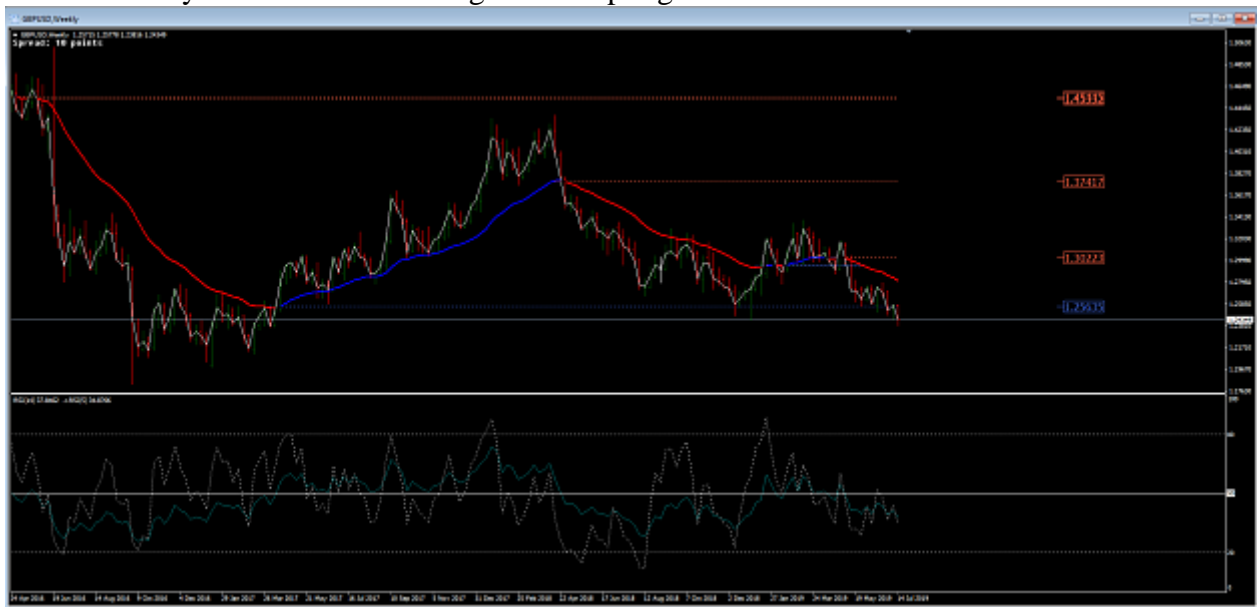


Nala66

Jul 17, 2019 9:34pm | Post# 4195

1 Attachment(s)

For the weekly we can see the average is attempting to take out the 25635 level



Nala66

Jul 18, 2019 3:42am | Post# 4204

1 Attachment(s)

[Quoting Jazz1964](#)

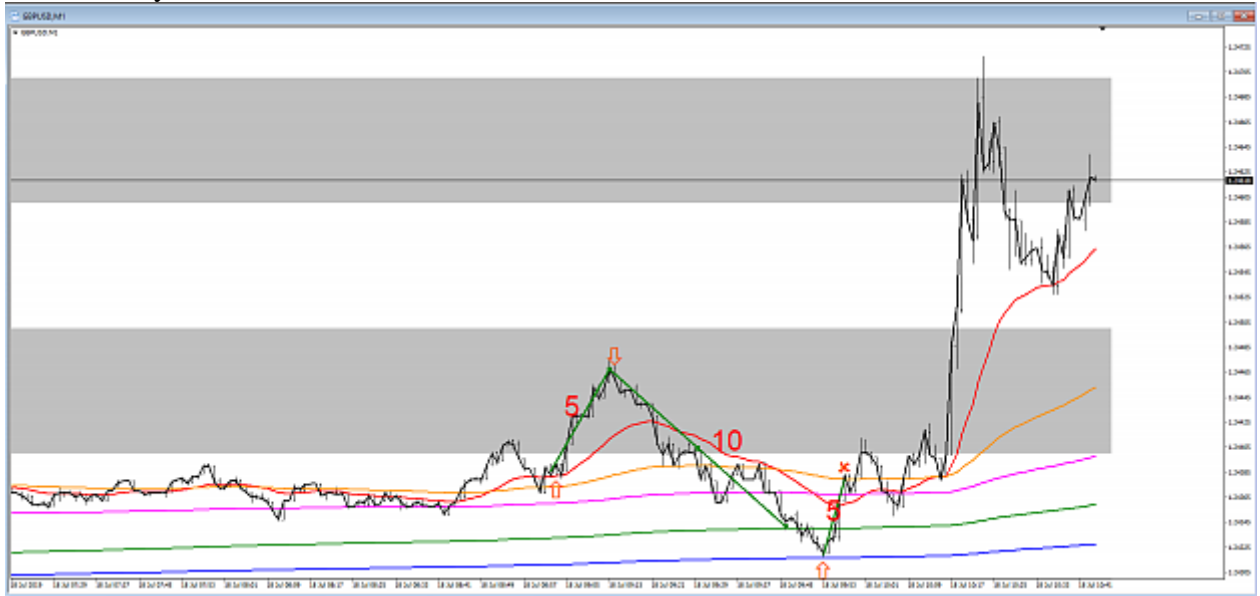
Disliked

We were trading above the H1 EMA with M5 EMA making HH HL I closed the Long at the H4 EMA

That is what I was looking for initially.

Went long, then short, then long again and closed it too early for 20 pips so far.

This was my effort...



Jazz1964

Jul 18, 2019 3:53am | Post# 4207

1 Attachment(s)

[Quoting Nala66](#)

Disliked

{quote} That is what I was looking for initially. Went long, then short, then long again and closed it too early for 20 pips so far.

It wasn't easy at all since we just had the M5 bear support, so my entry was against that. I had to say to myself: The EMA makes the HH and HL's. You have the bull div at previous bull support. Trade what you see.



Nala66

Jul 18, 2019 3:55am | Post# 4208

1 Attachment(s)

I have these 50% marked



Nala66

Jul 18, 2019 4:32am | Post# 4212

1 Attachment(s)

[Quoting Jazz1964](#)

Disliked

I have these 50% marked {image}

Yes Jazz, not too sure about that one so I was looking just at this retracement.



Nala66

Jul 18, 2019 4:36am | Post# 4213

1 Attachment(s)

Jazz if you take the low RSI as per our discussion then it has hit the 50% level?

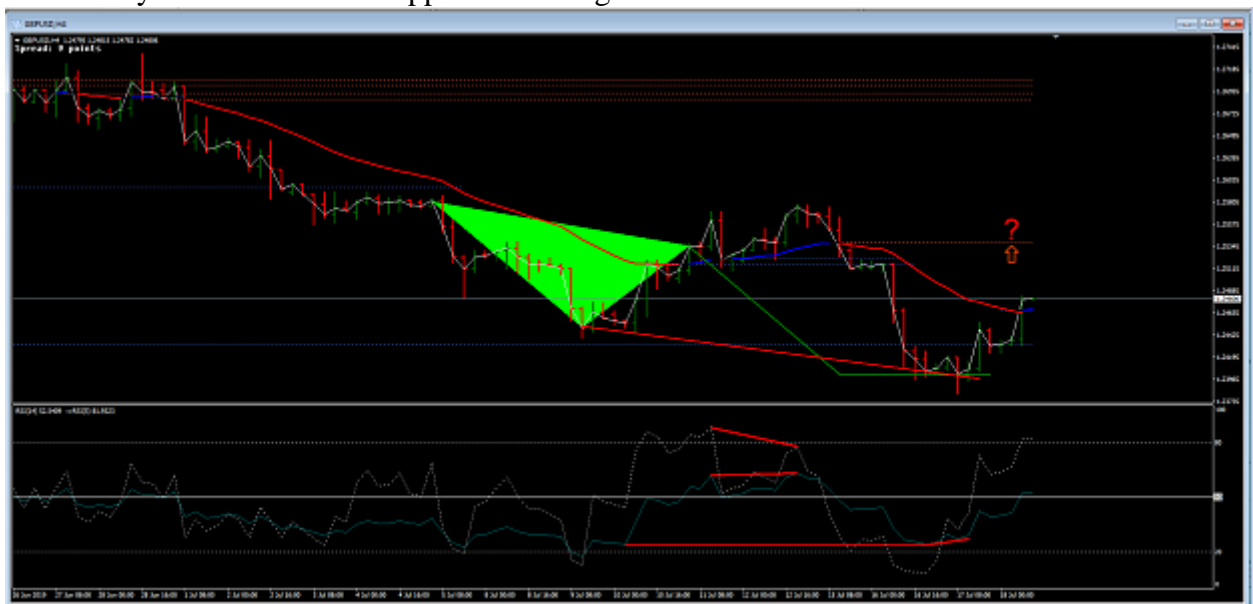


Nala66

Jul 18, 2019 5:05am | Post# 4218

1 Attachment(s)

Which way? The bulls have stopped the average!



Nala66

Jul 19, 2019 2:03am | Post# 4231

1 Attachment(s)

Hi Guys and what a move while I was in bed.

On this 1 hour chart we see a different way to plot the ABCD. The thing to note is the positioning of the RSI pivot for B.

On this occasion we select the lowest point on the RSI and not the lowest point on the price.

This happens when B1 is in divergence with B.

Note how the 50% levels were a clue to this setup.

This is another addition to your targeting collection.



Nala66

Jul 19, 2019 4:26am | Post# 4233

1 Attachment(s)

[Quoting huskyboy](#)

Disliked

{quote} Thx Alan now i understand why you and Jazz were drawing 2 triangles there. For today i see this but not moving much today {image}

You think that was interesting... Look at this! I was gobsmacked by the heroic effort but now is the worm about to turn



Nala66

Jul 19, 2019 9:00pm | Post# 4234

1 Attachment(s)

OK the worm has turned with the usual struggle and the bears have found the support to take this down.

However if the average at A is going to break the average at B then it is going to make another serious lower low which the monthly is indicating.

We need to be watching our trades for any indication of another turnaround to the long side. It looks fairly obvious that there is lots of money invested to stop the bears making progress much lower.

Personally I would be watching this carefully to see which side of the Quartile price makes its break. There will still be plenty of dollars in the offering at the lower time frames.



Nala66

Jul 21, 2019 11:31pm | Post# 4239

1 Attachment(s)

[Quoting fxpractice](#)

Disliked

Hi Alan! My question is about ABCD pattern. Could you please post couple of examples to clarify the moment about the attack of one pivot to another one. Thank you.

OK here on this 15 min chart we have two examples but they are different. **This is going to be a little long winded so make a copy you can study until you get it down pat.**

Consider !. C has crossed the EMA which is the same as the RSI 50%. B is lower than the attacking pivot C. So we have conflicting BC lines between the Price and the RSI. **Many people refer to this as Hidden Divergence which I totally disagree with.**

I would prefer it called a Continuation divergence because that is what the outcome is supposed to be. It continues the trend. It also forms the ABC triangle and this gives us a target price to aim for. Target is always $C+AB = D$ or in a bearish situation $C-AB = D$.

As you can see from the example it was exactly correct.

However there is a lot more going on here than just this simple illustration.

Look at the relationship between A and a. Clearly we have a regular bearish divergence which is supposed to take price back to the average, which it does. But before it makes it we see a retest of the div in the form of the Hook H. The Hook usually produces an impulse bar and it does so here back to the EMA.

This next bit is very important to note.

This is a loading zone where we try to get our lots on in a safe manner. We are expecting the trend to continue so we load up with shorts! This may seem counter intuitive i.e. expect long and load short.

We short the bear div with trade 1

We short the Hook with trade 2

We try to get trade 3 on before we reach the EMA.

We advance our stops to limit our loss to a minimum.

At C we note the continuation div so we need to hedge all the shorts we have placed and would close all these shorts when price returned back across the EMA in the long direction.

We have safely loaded the trade with very little risk and have now made a profit and we have changed direction to the long **trending** side. At D we have doubled our account.

At D we note we have a Hidden Bearish Divergence so here we could have hedged our hedge (which we close) had we not made enough profit because this should return price to the EMA once again, which it does to give us the green B.

At this green B we could have hedge again because we note it is in div with the red C. I don't class this as a continuation div with a target hence not an ABCD because both pivots are on the same side of the EMA (or RSI). This time it shoots way past anything we would have regarded as a target to the green A and all the bearish divergences it made on this journey failed to do anything.

Finally we arrive at the green A where we have an RSI div returning price to the EMA.

Again C is in divergence with B but again both are on the same side of the EMA (or RSI) so we don't have an ABCD target just a bull div. In fact there is no clear line of sight to B from C on the price chart so on the RSI we see a bullish RSI div.

This is a lot of information the charts are telling us and no doubt I have skipped a bit. The point here is to learn what the charts say and get the money management on your side of the equation. Take nothing as a single context, it is only a part of the whole and for goodness sakes look where the EMA is trying to get to.

There are no theories here at all, we simply interpret what we see and trade accordingly.

Remember to load in the opposite direction you are expecting price to go and hedge it in the correct direction.

I could write a book on this stuff but I am trying to keep it as simple as I am.



Nala66

Jul 22, 2019 6:52am | Post# 4246

1 Attachment(s)

OK putting the ABCD aside as I don't regard this as one, both pivots are on the same side of the EMA.

Price is trying to climb and the next highest high to pass which is A. Price is currently at C when it runs into divergence with the RSI.

Therefore A is being attacked by C when it runs into divergence.

I cannot think of a simpler explanation.

At no other point does it do this so it is not debateable.



Nala66

Jul 22, 2019 7:06am | Post# 4247

Now in the example post of mine which you listed I was simply trying to show the point where price runs into divergence with the RSI. I don't actually regard that as being an ABCD because they are both on the same side of the EMA. However it does introduce the concept of a div having a target price albeit many of these types exceed the target.

In fact the one posted just above is quite likely to do just that i.e. exceed the target of AB

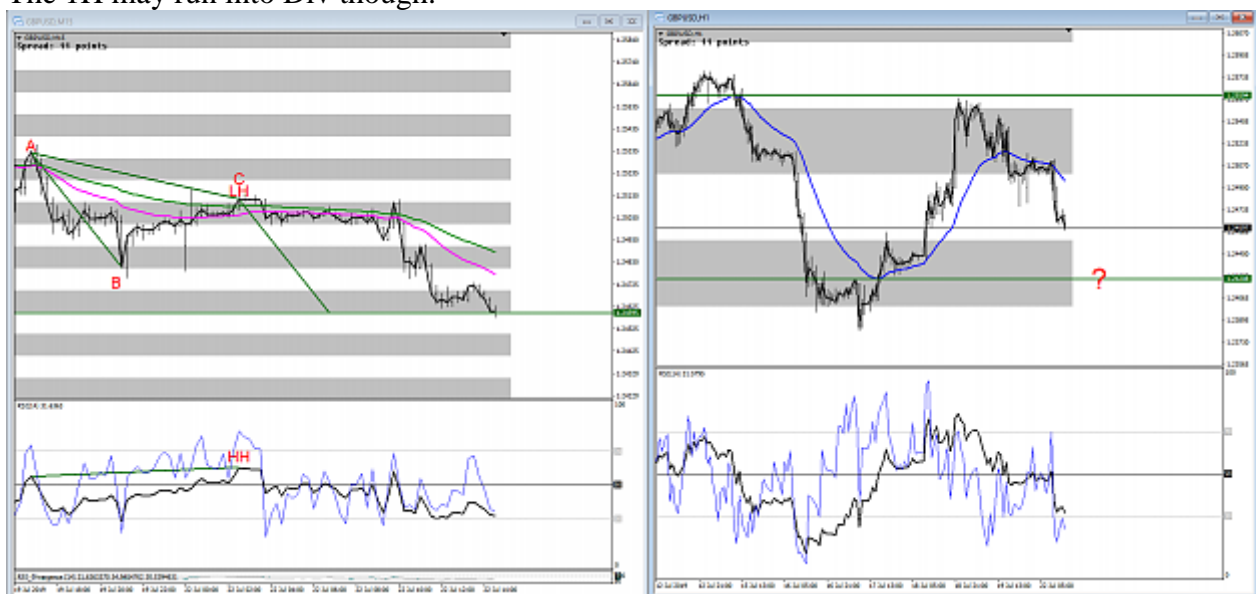
Nala66

Jul 22, 2019 7:46am | Post# 4248

1 Attachment(s)

Well at this point it does appear to be struggling at the AB target but the 1H indicates it is going lower.

The 1H may run into Div though.



Nala66

Jul 22, 2019 10:53pm | Post# 4253

1 Attachment(s)

Here we have the 1H and the Daily charts.

Only an idiot would say they are not trending down, hope you all agree with that including the idiots 🙏

So how do we make the safest possible entries in this situation. Well we do it exactly as I have described but I will go through it anew in a following post.

We have the grey grid set at 25 pips in this case.

We have the 26 period EMA. I have removed the 1H to keep things clear.

Then we have multiple hand drawn lines to measure and compare levels both on the RSI and the price. Together with letting to help me explain the various points involved.

There are a couple of red boxes which help me with the measuring of stops I have these set at 8 pips to allow for a 2 pip spread making the stop 10 pips in total.

That is it, nothing fancy or theoretical here.

I'll go away now and let you all make some deliberations and come back later either today or tomorrow.

Nala66

Jul 23, 2019 2:05am | Post# 4258

1 Attachment(s)

And by the by it has just hit the D target



Nala66

Jul 23, 2019 4:07am | Post# 4263

1 Attachment(s)

From post 4234 we are almost there with the price but is the EMA going to break it.

If so we may see that monthly look very likely 1808?

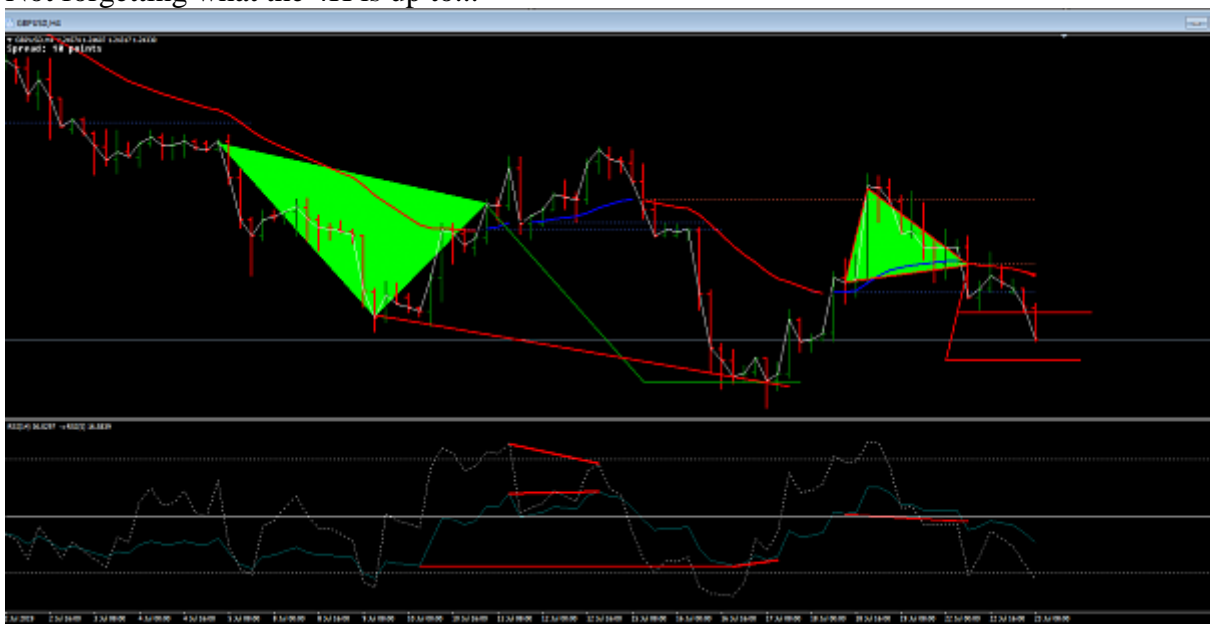


Nala66

Jul 23, 2019 4:12am | Post# 4264

1 Attachment(s)

Not forgetting what the 4H is up to...



Nala66

Jul 23, 2019 4:59am | Post# 4265

Well there you go, it made both the 1H and the 4H before the 4H closed.

Nala66

Jul 23, 2019 5:07am | Post# 4266

1 Attachment(s)

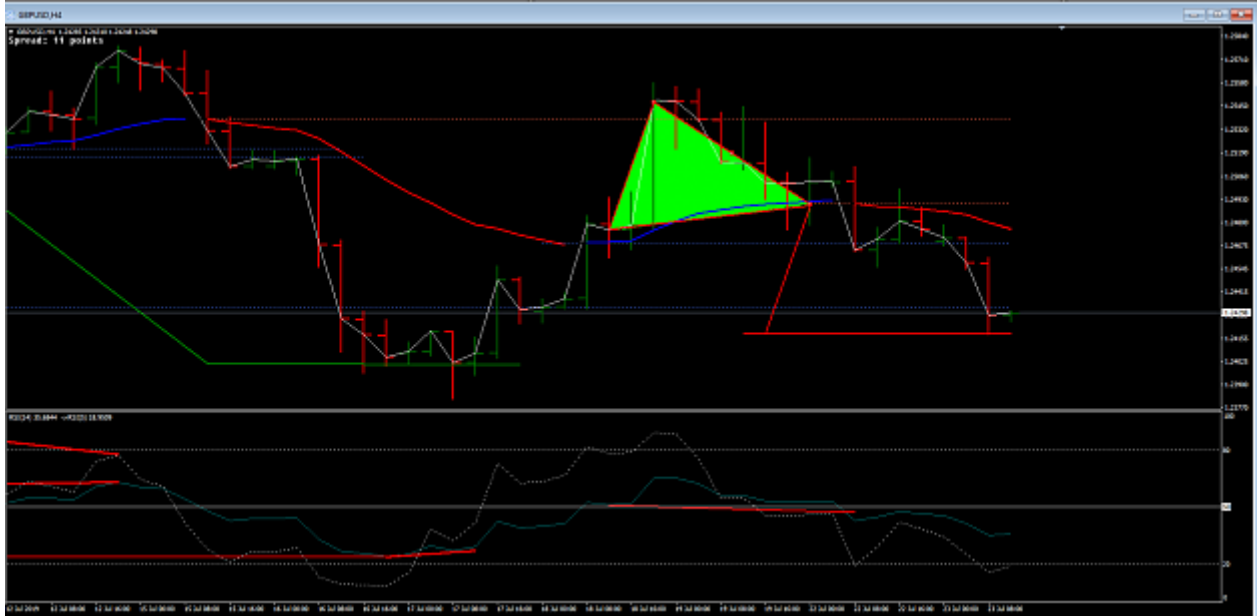
[Quoting Nala66](#)

Disliked

Not forgetting what the 4H is up to... {image}

Sorry about that image I must have been messing with the triangle and for some reason put it back in the wrong place, funny thing is no one noticed.

It should have been like this



Nala66

Jul 23, 2019 5:37am | Post# 4270

1 Attachment(s)

Is this going to happen from here on the hour chart?



Nala66

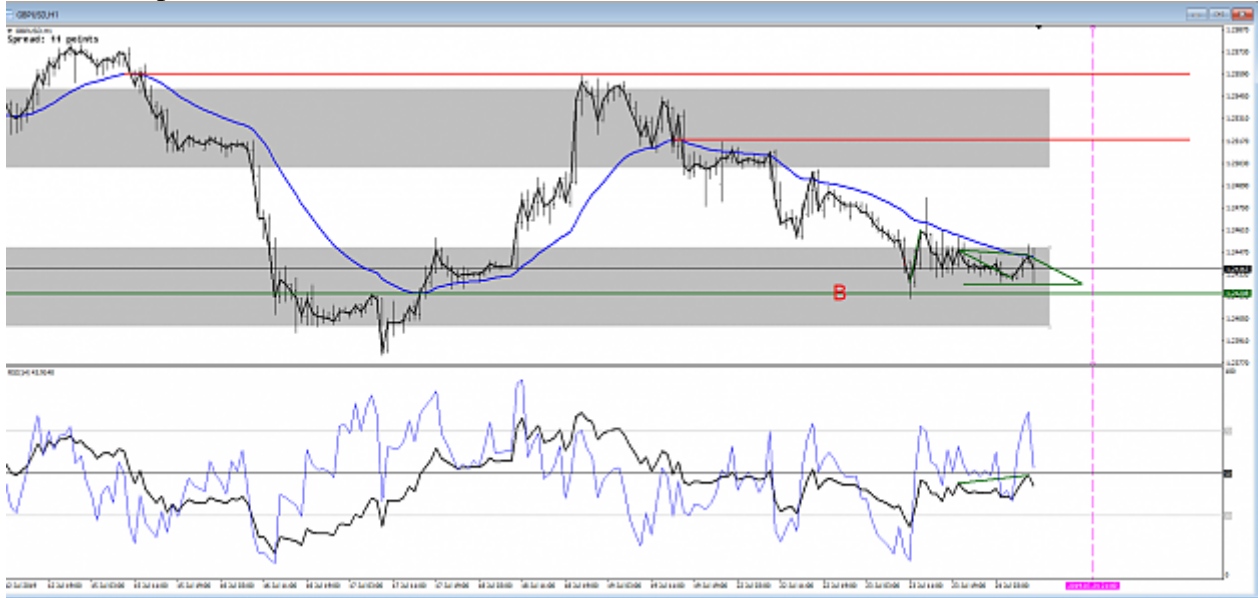
Jul 24, 2019 3:43am | Post# 4280

1 Attachment(s)

It looks to me like the average is trying to break B but the price hasn't done so. This is a tad worrying so I will sit it out a while now.

Probably this is a battle I don't want to be in.

Edit. An impulse bar to the down side would be nice, but better to let the market sort itself out.



Nala66

Jul 24, 2019 4:32am | Post# 4285

1 Attachment(s)

Well I don't know, it failed on the 5M to reach the D target running into an reg bear div and an RSI div to boot.

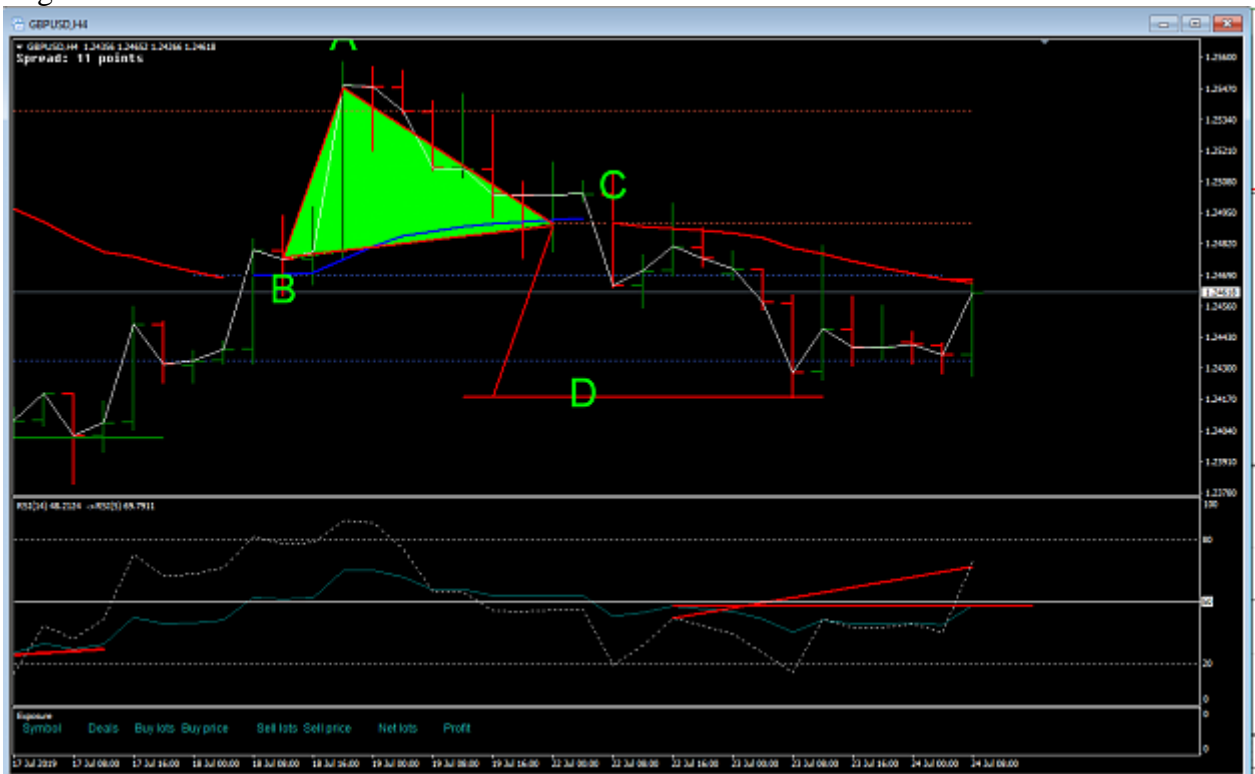


Nala66

Jul 24, 2019 4:56am | Post# 4288

1 Attachment(s)

My thoughts on this are the 4H was just stalling holding out until the end of its bar time. The D target has been hit now.



Nala66

Jul 24, 2019 5:00am | Post# 4289

1 Attachment(s)

The 30M chart has a slightly higher target as we have entered into the range.

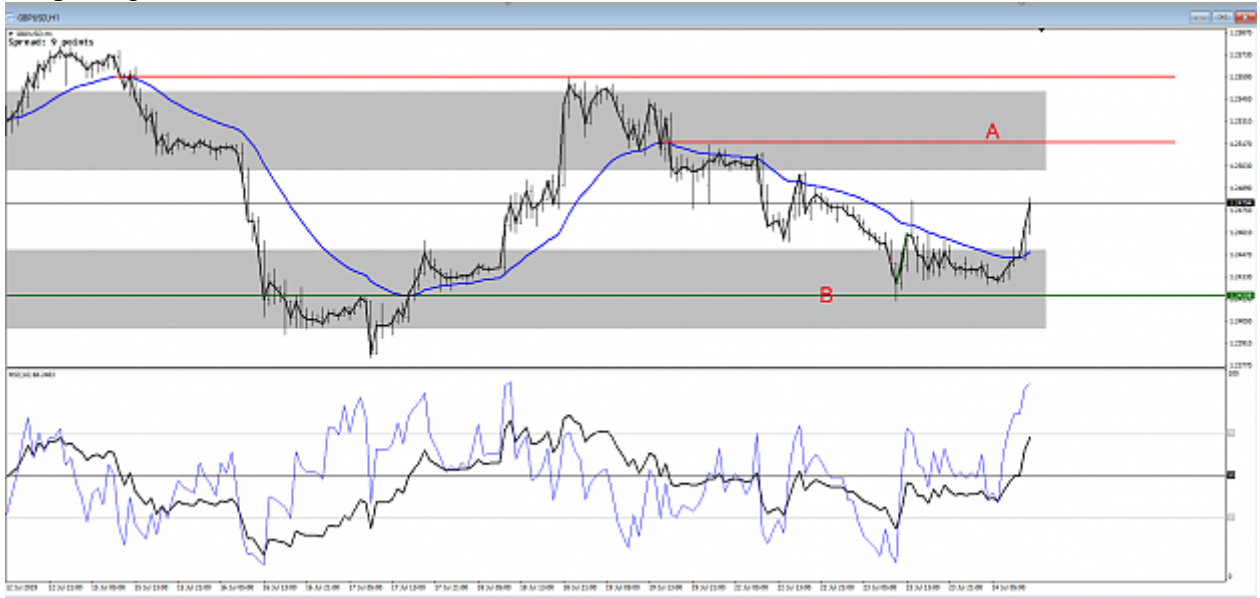


Nala66

Jul 24, 2019 5:32am | Post# 4290

1 Attachment(s)

So the average on the hour failed to make B so with the impulse bar to the long side we should see price get back to A



Nala66

Jul 24, 2019 6:58am | Post# 4293

1 Attachment(s)

[Quoting witowito](#)

Disliked

{quote} My H1 looking like this.(i hope its drawn correctly) There are many H1 div and based also on Fast RSI way too up 50% of abcd could be a ZOO point for a retracement isnt it?{image} m5 ema levels with div already holding price and sending it back to test ema i can see{image}

On my chart your A point was not a pivot so I have the one before that making the target a tad bigger.

Ha while I am typing it just hit it.



Nala66

Jul 24, 2019 7:00am | Post# 4294

So there we go, the failure of B lead to the success of A without even stopping for a support.

Nala66

Jul 24, 2019 7:04am | Post# 4295

1 Attachment(s)

Now while we are here loooooook carefully at the 1H chart.

Price has climbed above the EMA swing so it cannot possibly find another ABCD here because both sides are on the same side of the EMA.

That is not to say they can't meet with divergence just not the ABCD type.

So the blue line here is just a regular divergence



Nala66

Jul 24, 2019 8:19am | Post# 4297

1 Attachment(s)

We need to see the bulls hold onto this and find support.



1 Attachment(s)

[Quoting witowito](#)

Disliked

{quote} I think from what i see and read that there is an AB=CD pattern wich is a retracement of 50% +- a box... so u aim for that target... No Div need it in this scenario from what i remember from PDF {image}

Plenty of signals on this chart. I have added in yellow.

AB = CD

ABCD

Directional divs to get in.



Nala66

Jul 24, 2019 9:47pm | Post# 4304

1 Attachment(s)

I'm going out for the day and don't know when I will be back so here is a 1H chart for study.

You should be able to work out where the signals and targets are. The signals would all create ZOO points for trading considerations.

At the present this chart is in the process of forming an AB = CD and if it does break long then it will make the HH and drag the EMA to a swing HH also.

Note how I use the Quartile tool to find these AB = CD's.

If traded the entry is at the 50% with a stop at the 25% the target being 4 Quartiles making it a

1:4 risk/reward.



Nala66

Jul 25, 2019 1:48am | Post# 4305

OK for those still struggling with the ABCD triangle.

Clearly you should be able to see when the price closed above the EMA it was higher than all those pivots in the shaded box so A is the next pivot we look at.

Drawing a line from A to C and then comparing this line with the line drawn on the RSI for the same points we have the conflict we are looking for. A is on the underside of the average but C is on the topside. I keep saying that C does not have to be a pivot.

Now the next time a similar thing happens with the red line X to Y at the target point of the ABCD. This is just a regular bearish divergence to attempt to take price back to the EMA, which it did.

If price can cross and find support then we have a downward situation. If it cannot find bear support then the chances are high that it will make the HH than the divergence. To plot just how high we can use the $AB = CD$ to give us a target.

So we have two types of divs looking very similar except for the difference being the EMA, opposite sides = ABCD, same side = regular divergence.

Nala66

Jul 25, 2019 5:03am | Post# 4307

1 Attachment(s)

[Quoting luckyvictor](#)

Disliked

{quote} This C in here, and your original quote, and I struggle to see this RSI div, basically I don't know between which point I draw the line to reveal this div At C or just after that point we have a short signal in the form of RSI div. {image}

Yep gotcha.

The C on his drawing was in the wrong place, it should be like this...

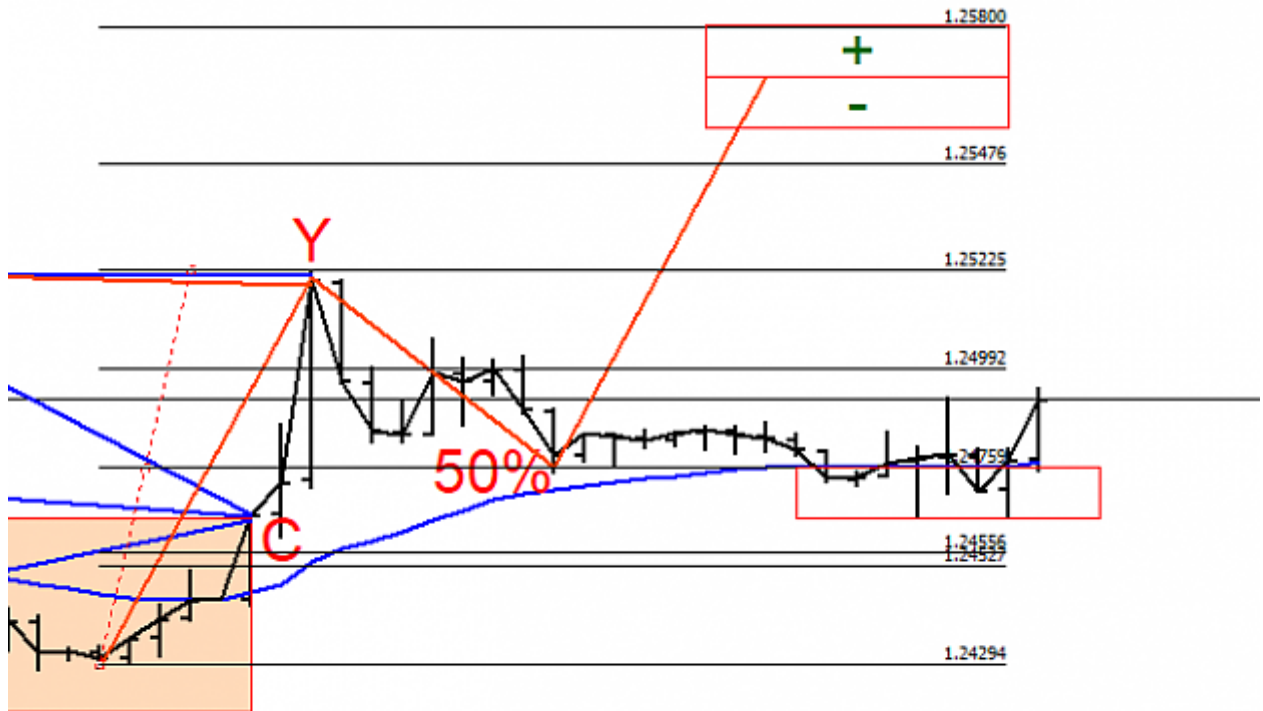


Nala66

Jul 25, 2019 6:28am | Post# 4313

1 Attachment(s)

That is interesting with the plus and minus. The plus takes it to a 1.618



Nala66

Jul 28, 2019 3:56am | Post# 4315

1 Attachment(s)

[Quoting haris1211](#)

Disliked

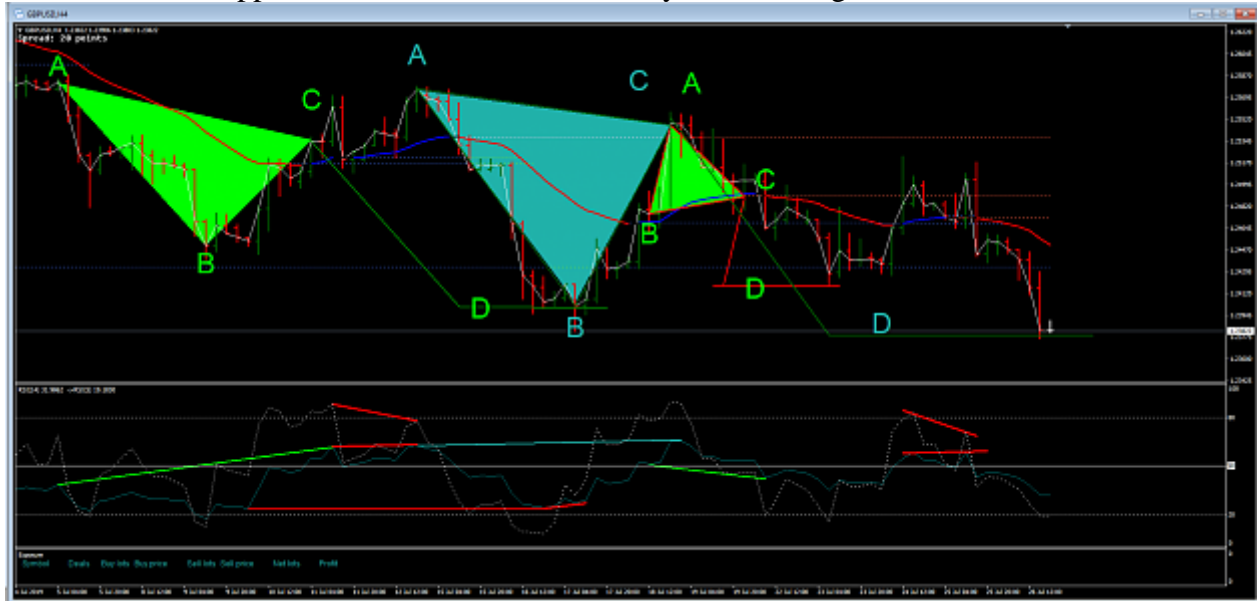
Can anybody please take a look and tell me if these abcd patterns are drawn correctly on my chart. This is GBPUSD 4H chart. TIA {image}

Because you are using candles and not bars and you do not have the 1 period SMA to show the pivots it is difficult to read your charts.

All I can do is show mine.

The blue ABCD drawn here is one I wouldn't have regarded as an ABCD because both pivots A and C were on the same side of the EMA so I would have just regarded it as divergence.

However it does appear to have travelled all the way to the D target.



Nala66

Jul 29, 2019 4:29am | Post# 4319

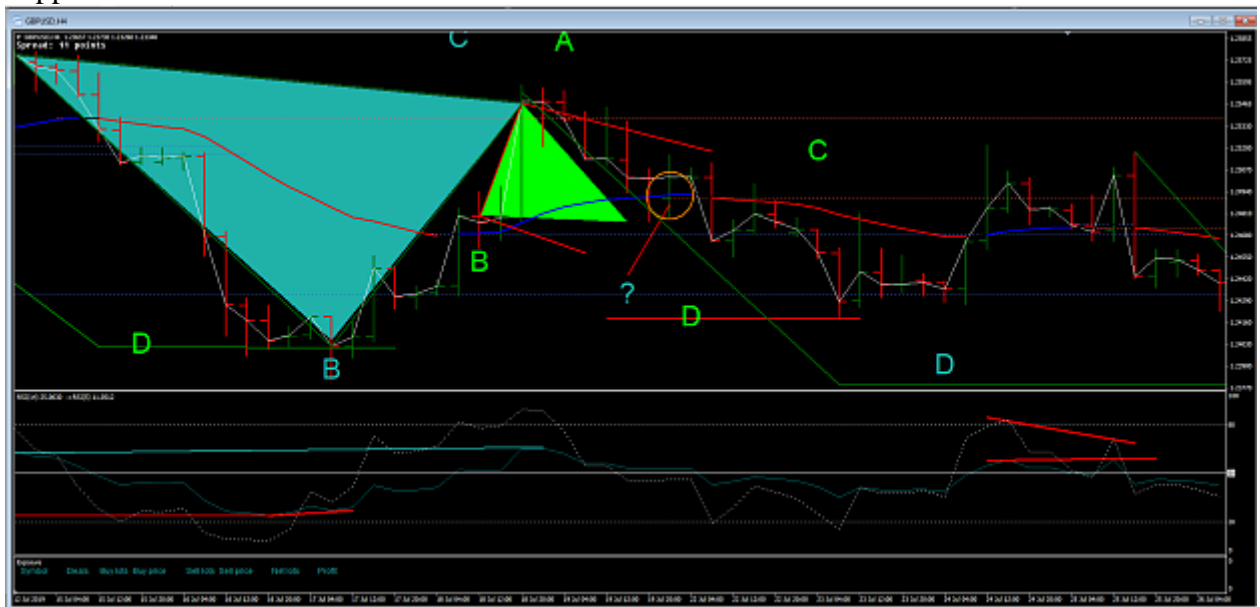
1 Attachment(s)

[Quoting k1w1](#)

Disliked

{quote} Alan, regarding the third (smallest) triangle, what exactly is the C point? It doesn't seem to be a pivot or the close of the bar, and I don't think there was a con div on the RSI at that point? Cheers

I have just moved all the colours out of the way so we can see the bar more clearly. I can't remember this since it was a while back it could have been weekend gappage. I don't know what happened there.

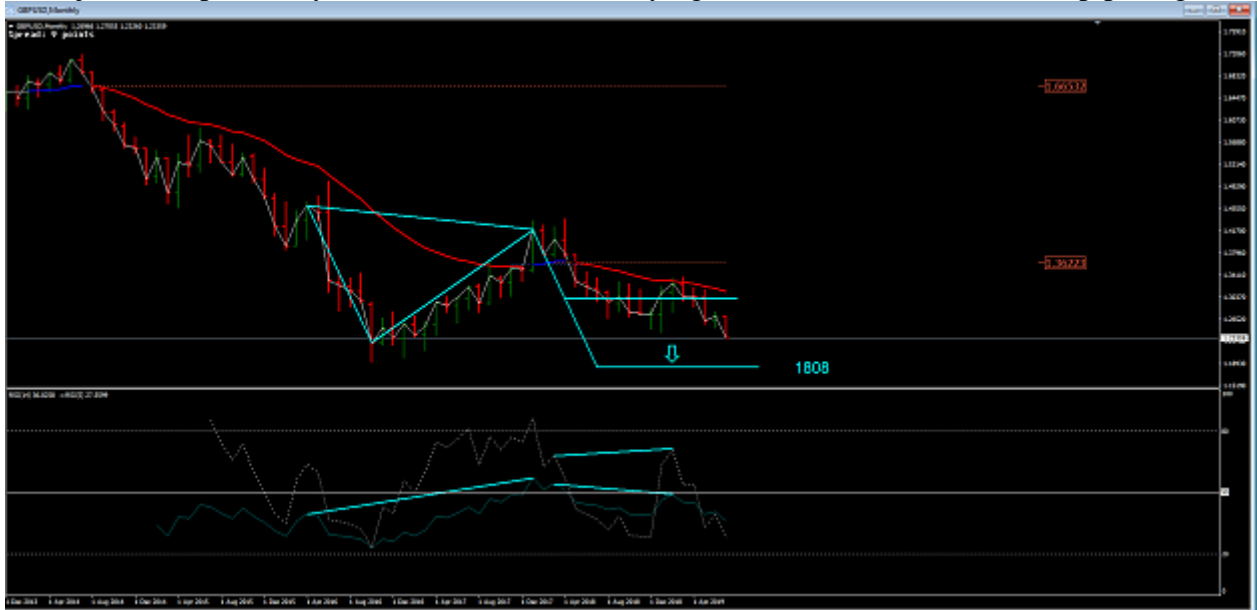


Nala66

Jul 29, 2019 4:32am | Post# 4320

1 Attachment(s)

With just a couple of days left in the month I am eying this. There is still about 500 pips to go.



Nala66

Jul 29, 2019 5:58am | Post# 4325

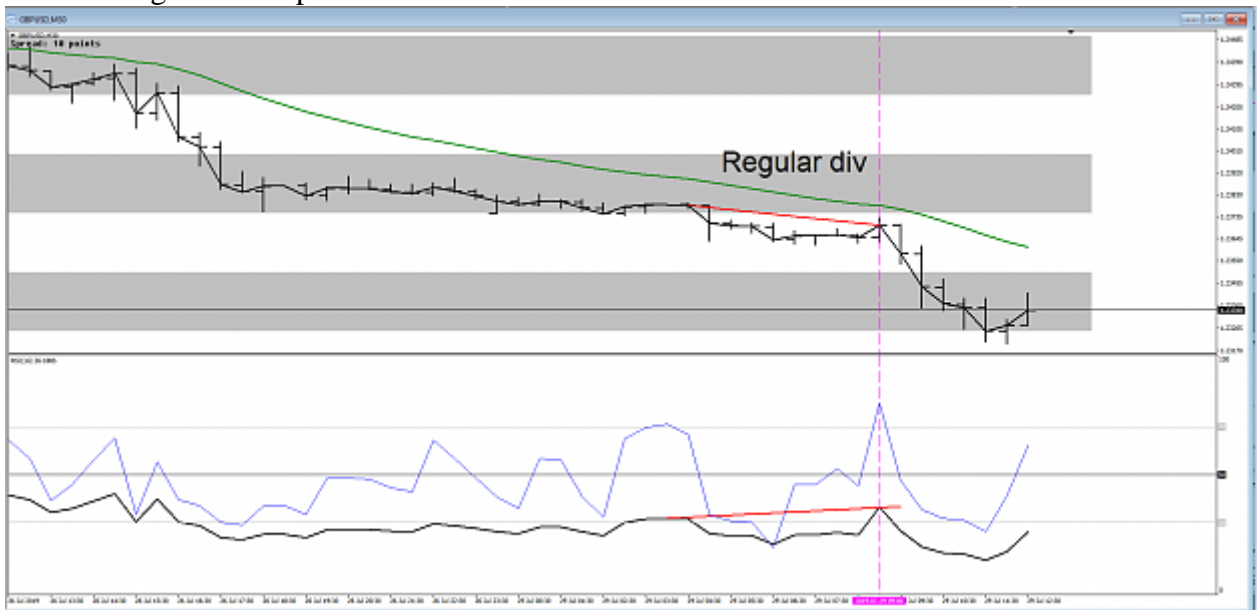
1 Attachment(s)

[Quoting luckyvictor](#)

Disliked

What there a signal for the drop early??

This was a good ZOO point on the 30 minute



Nala66

Jul 29, 2019 8:23pm | Post# 4331

1 Attachment(s)

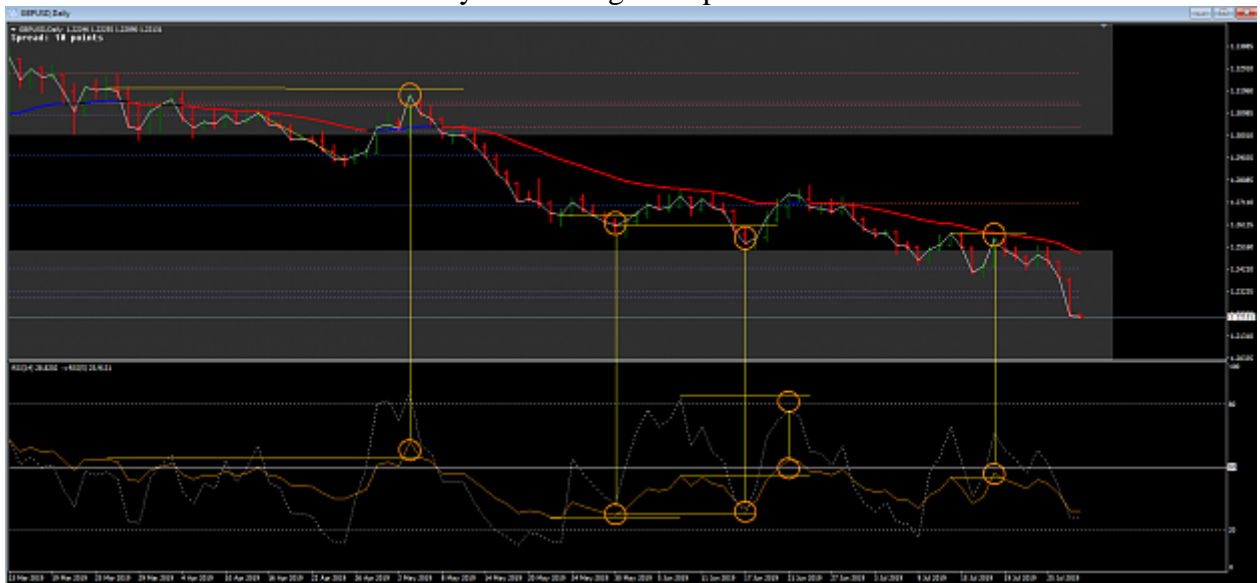
[Quoting luckyvictor](#)

Disliked

{quote} Can see it easily when it happened, can always travel back enough to find the reference (it could be a price just 10 mins 2 bar ago or 100min in 20 bar ago) don't know why I find it difficult to do it live

Maybe this will help..

When price is moving up to or past a previous pivot draw a horizontal line on the closes I could draw more on this chart but I think you should get the point from this.



Nala66

Jul 30, 2019 10:23pm | Post# 4336

1 Attachment(s)

[Quoting haris1211](#)

Disliked

Is this a valid ABCD on 15m chart? {image} {image}

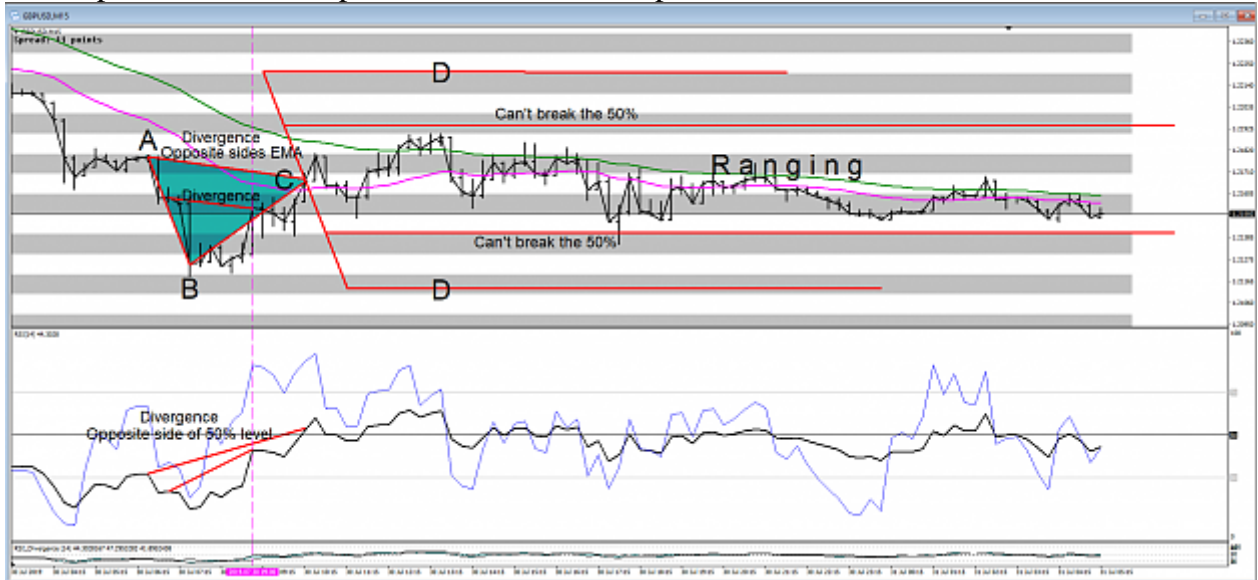
I do wish you would get rid of those candles and use bars so it is far easier to plot the charts and see what is happening. Candles are rubbish.

Also zooming in a tad to the place under consideration would be handy with a vertical line dropped on so we can reference the time.

Should be like this.

From this you would detect that the 1 hour chart is in a holding pattern allowing the EMA to

catch up somewhat to the price. This is a common price action i.e. **PUSH and REST**.



Nala66

Jul 31, 2019 6:20am | Post# 4339

1 Attachment(s)

[Quoting huskyboy](#)

Disliked

{ quote } Alan, why do you take that bar at C and not the next one? Thx

Just look at this mess on the 30 min... If in doubt stay out!

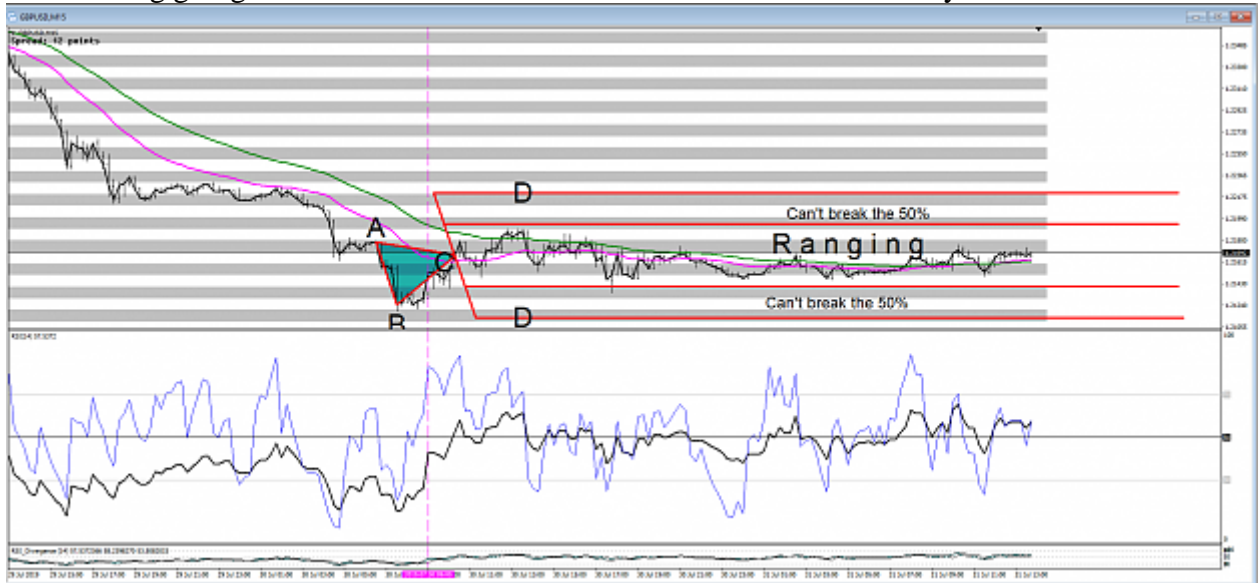


Nala66

Jul 31, 2019 6:48am | Post# 4340

1 Attachment(s)

Still nothing going on with the 15min chart... Flat as a tack for the last day of the month so far.



Nala66

Jul 31, 2019 7:31am | Post# 4342

1 Attachment(s)

[Quoting luckyvictor](#)

Disliked

{quote} Hi Alan I can understand why huskyboy had the question. so equally, why do you take that bar at C and not the one before? I think it is also in divergence. Many thanks

You just answered your own question. Think about what you said here.

I keep telling you there is a difference between a divergence and an ABCD divergence.

Can you not see that one straddles the EMA and the other doesn't.

There was also divergence at the B point sending price back to the EMA. This was met by the div you are speaking of which failed to make a LL.

Look at this 1H chart there are short divergence's all over the show but they are not ABCD's

because the A and C pivots are all on the same under side of the EMA.



Nala66

Jul 31, 2019 9:31am | Post# 4344

1 Attachment(s)

It doesn't get more accurate than this.



Nala66

Jul 31, 2019 9:34am | Post# 4345

[Quoting luckyvictor](#)

Disliked

{quote} Understand, let me repeat it in my own word. In this scenario, we had observed a top (A) in the history, and this top is under EMA, when the market opens and trading happens, we see a bar (C) that closes above the EMA, but at this point of time, the price is still lower than A, whereas RSI is already higher than the time at A, therefore we can search for the lowest RSI point between the time A to C to identify B, and draw our ABCD div. And of course, at this time, we don't know whether C is the best point to draw the ABCD div, as the next...

Well at last you got it...Well done.

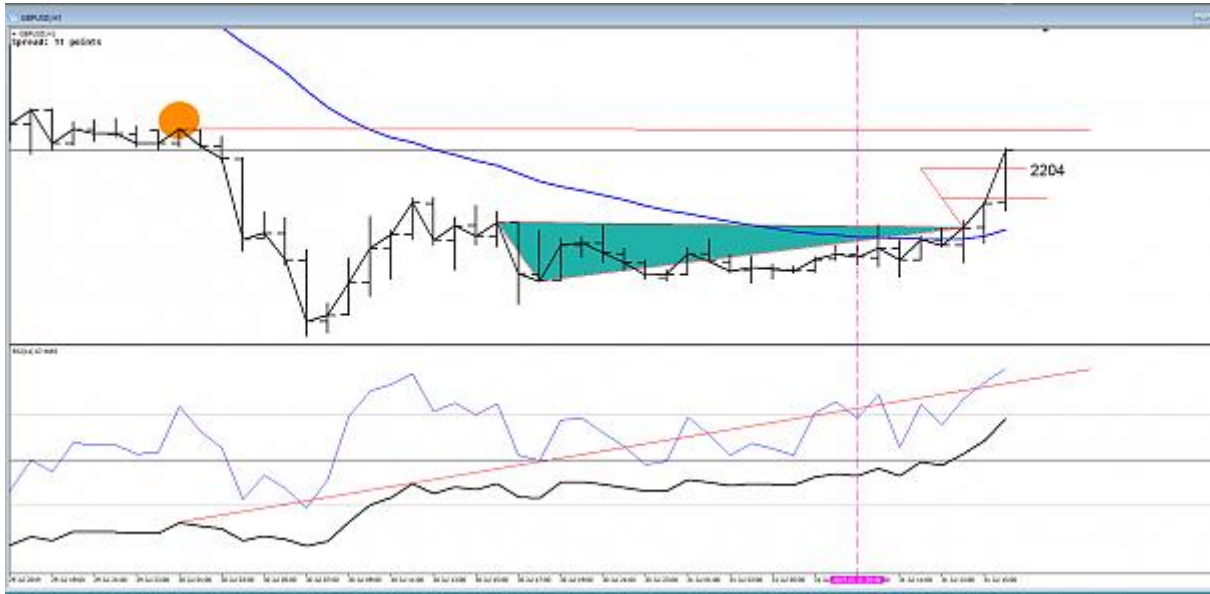
If that next move is still in the same div with A then a range is made for price to aim for. I usually take the lowest target to be on the safe side.

Nala66

Jul 31, 2019 9:38am | Post# 4346

1 Attachment(s)

Now look at the 1H and see how much freedom of movement the bulls have created.



Nala66

Jul 31, 2019 9:40am | Post# 4347

The bulls can now set a high RSI level to hide behind from all those previous pivots. No longer will we have a line of sight to them.

Nala66

Jul 31, 2019 10:21am | Post# 4348

1 Attachment(s)

Now I can clean up the 15M chart as being completed..



Nala66

Jul 31, 2019 9:00pm | Post# 4351

1 Attachment(s)

Here on the 30 min chart one has just completed in the short direction.

Things to note are...

A was a bear divergence, a good ZOO point to consider.

This was followed by the HOOK which in this case was a hidden divergence.

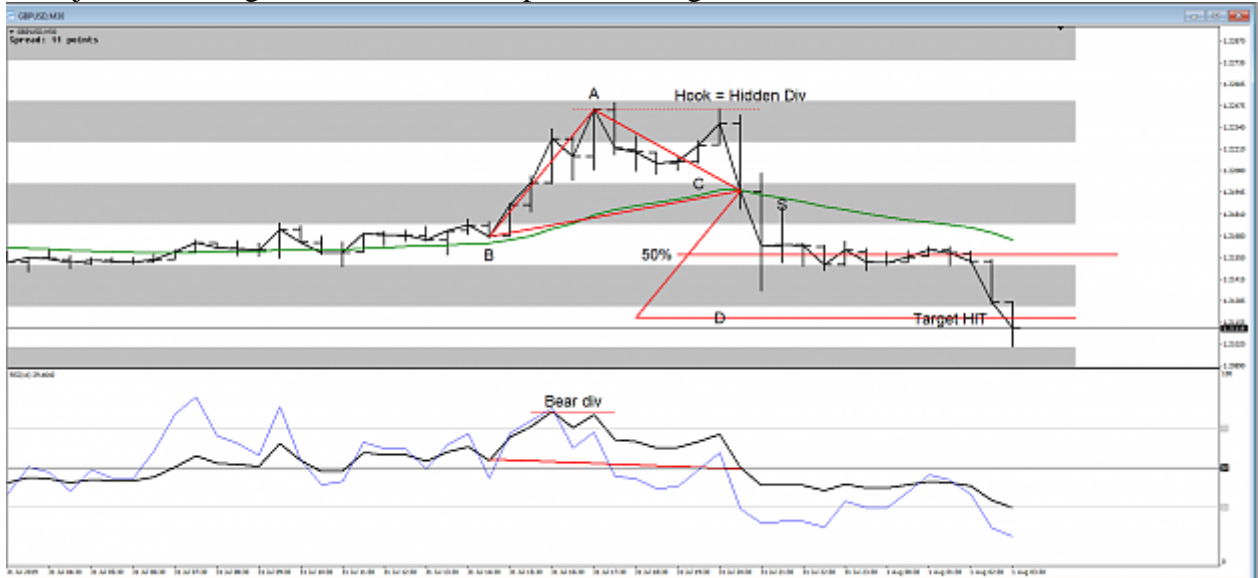
C was right on the EMA when it ran into divergence with B. Completing the ABCD

Price paused at the 50% level which is regarded as the quite time of the market.

The start of the Asian session completed the journey.

Thing to consider... Because C was exactly on the EMA we would have to consider this may

have just been a regular div and thus no particular target level.



Nala66

Aug 1, 2019 6:30am | Post# 4359

1 Attachment(s)

Here you go



Nala66

Aug 1, 2019 6:59am | Post# 4361

1 Attachment(s)

[Quoting luckyvictor](#)

Disliked

{quote} what is the significance of this pivot and actually why is it a pivot please?

The significance is that it is the pivot under attack and was not in divergence. Had the price passed this level then it would have run into divergence (Dashed red line)



Nala66

Aug 1, 2019 7:01am | Post# 4362

[Quoting luckyvictor](#)

Disliked

{quote} what is the significance of this pivot and actually why is it a pivot please?

As to why it was a pivot, well that can easily be seen on my chart because the line chart says it was. A 1 period SMA is exactly the same as a line chart.

See how much harder it is to see these things with candle charts and no SMA

Nala66

Aug 8, 2019 12:24am | Post# 4372

1 Attachment(s)

So Simon how did you go with that quartile trade yesterday. The first one would have stopped you out and depending whether you moved the stop at all would have been a loser, This was then followed by the winner. Cool uh!

Noting how it dragged the average past the previous swing high.

This was a 3:1 Trade less the loser = 2:1 i.e. 10% winnings



Nala66

Aug 9, 2019 2:49am | Post# 4376

1 Attachment(s)

[Quoting simon.says](#)

Disliked

{quote} I didn't take any trades yesterday, but I will for sure try to catch some today. We'll see how it goes. Wish me luck 🙏.

Here is another example on the 1 hour... Again the first attempt failed but the second was massive.



Nala66

Aug 12, 2019 2:56am | Post# 4381

1 Attachment(s)

[Quoting k1w1](#)

Disliked

{quote} Alan, was it custom made like your hidden divergence indicator (which is brilliant), or did you simply find it somewhere on the internet? All of the divergence indicators I've seen

connect bar highs/lows and not the closes. I've also never seen one plot divergences between fast and slow RSIs. It would be an awesome tool if it did exist! Cheers

Yes it was custom made by a guy in Sydney but I have lost contact with him.

I don't need the tool as the signals stand out so clearly Like this...



Nala66

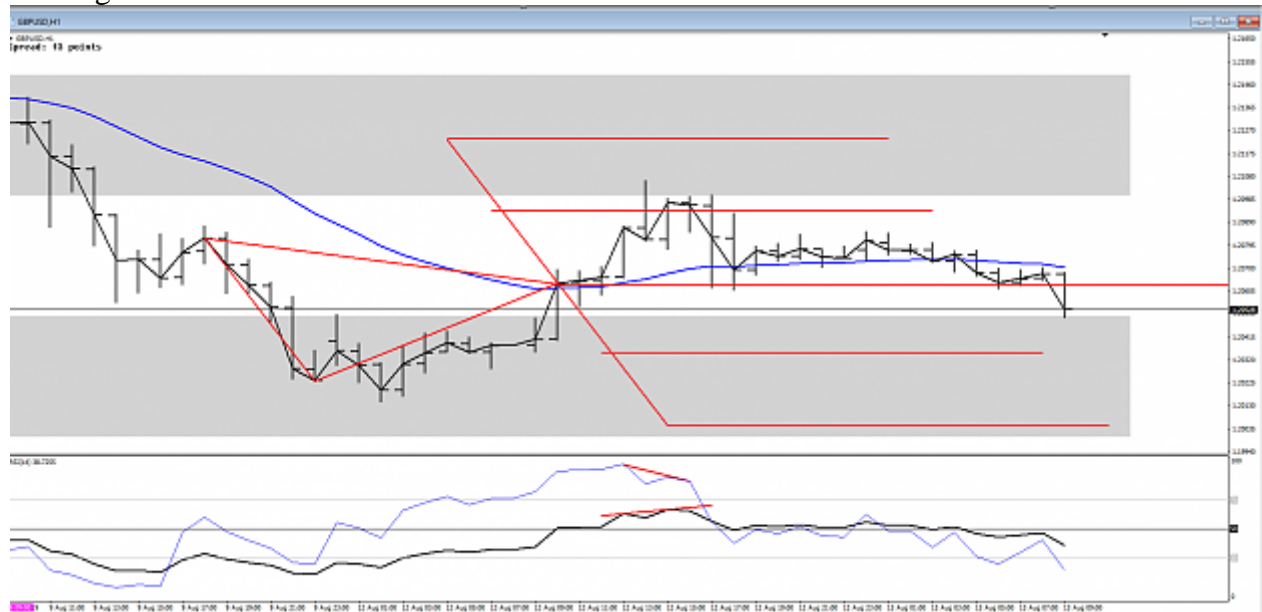
Aug 13, 2019 2:45am | Post# 4383

1 Attachment(s)

Yesterday price went to the north side of the 30 min signal demonstrating we should always be trading with the average.

Today I see the 1 hour has reached the 50% long level and now looks like heading for the short levels.

As long as we are below the 5min EMA I am short.



Nala66

Aug 14, 2019 2:16am | Post# 4386

1 Attachment(s)

Today we see the bears are just killing time holding the price in a range of about 50 Pips.



Nala66

Aug 14, 2019 11:45pm | Post# 4387

1 Attachment(s)

We see today much the same happened yesterday as the previous two days.

3 times now price has hit the 50% level of the ConDiv which is also a 50% retrace of the down move.

Almost identical moves each day as the bears hold the bulls in a sideways holding pattern. The bears are not in any hurry because we are only half way through the month heading for that 1808 level.

So choppy is the name of the game for a tad as the market looks for buyers to rob.

Not much given by way of signals on the 1 hour and for me they were in the wrong direction as I look to short.

Note how 1, 2 and 3 were very nice ZOO points to look for shorts.



Nala66