به نام خدای دانا

راهنمای تصویری الگوهای هارمونیک

با سلام و تقدیم احترام

مجموعه تصویری که از نظرتان خواهد گذشت، از کتابهای

Scott M Carney -Harmonic Trading, Vol. 1

Scott-M-Carney-Harmonic-Trading, Vol. 2

جمع آوری گردیده که به جهت سهولت در بازنگری توضیحات اضافی حذف شده اند، ضمن اینکه با مطالعه فایل های مرتبط زیادی، (بیش از 1600 صفحه چارت و الگو) مطالب بیشتری یافت نشد و به طور حتم مجموعه حاضر، کامل و قابل استناد می باشد.

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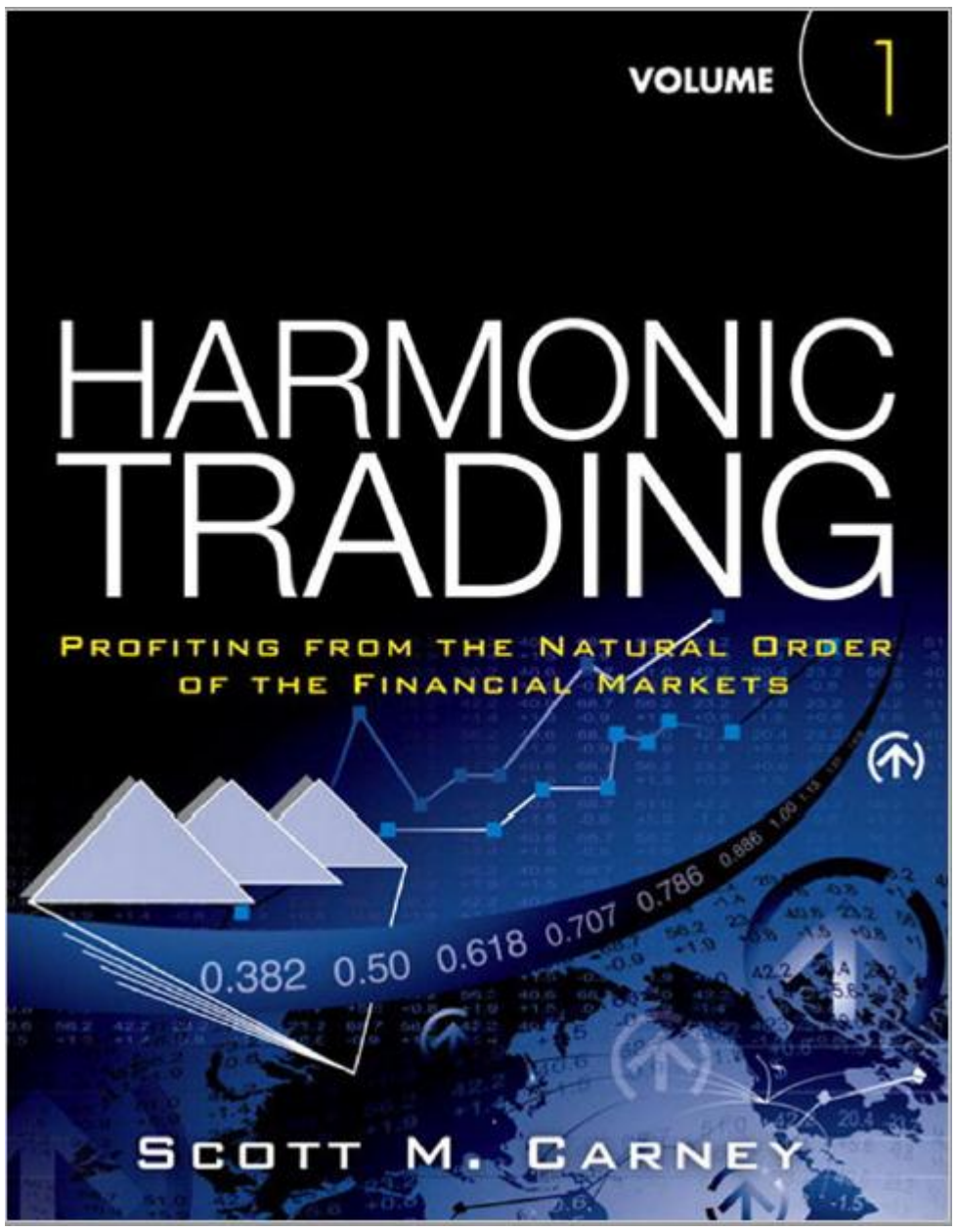


Harmonic Trading Ratios

Primary Ratios:

(Directly derived from the Fibonacci Number Sequence)

- 0.618 = Primary Ratio
- 1.618 = Primary Projection

Primary Derived Ratios:

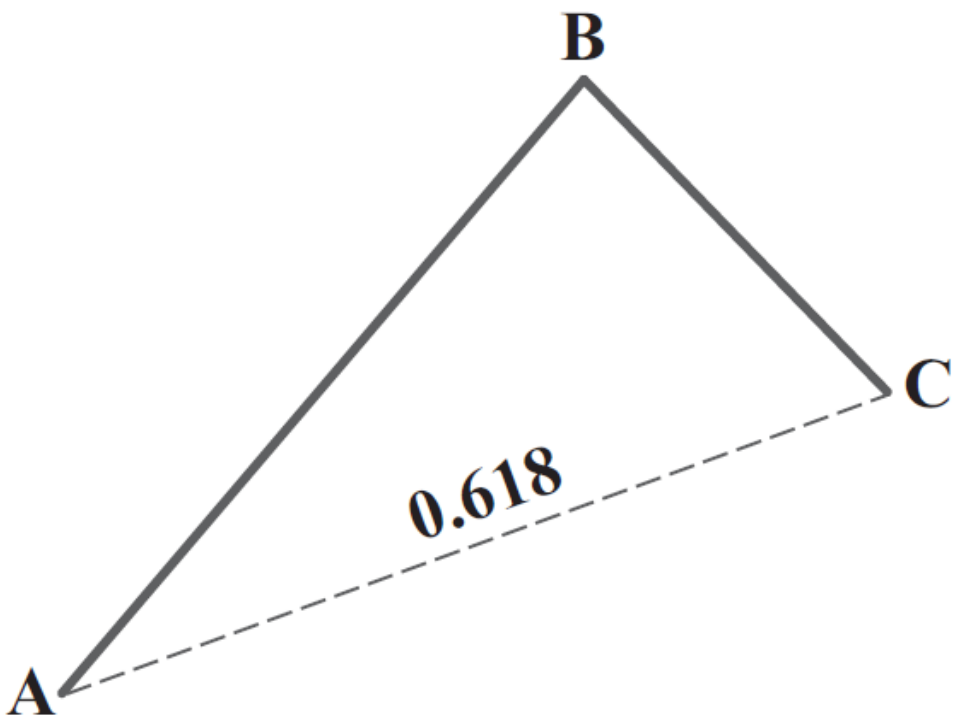
- 0.786 = Square root of the 0.618 ($\sqrt{0.618}$)
- 0.886 = Fourth root of 0.618 or
  Square root of the 0.786 ($\sqrt{0.786}$)
- 1.13 = Fourth root of 1.618 or
  Square root of the 1.27 ($\sqrt{1.27}$)
- 1.27 = Square root of the 1.618 ($\sqrt{1.618}$)

Complementary Derived Ratios:

- 0.382 = (1-0.618) or 0.618^2
- 0.50 = 0.707^2
- 0.707 = Square root of 0.50 ($\sqrt{0.50}$)
- 1.41 = Square root of 2.0 ($\sqrt{2}$)
- 2.0 = (1+1)
- 2.24 = Square root of 5 ($\sqrt{5}$)
- 2.618 = 1.618^2
- 3.14 = Pi (See later section "The Importance of Pi (3.14) in Harmonic Trading")
- 3.618 = (1+2.618)

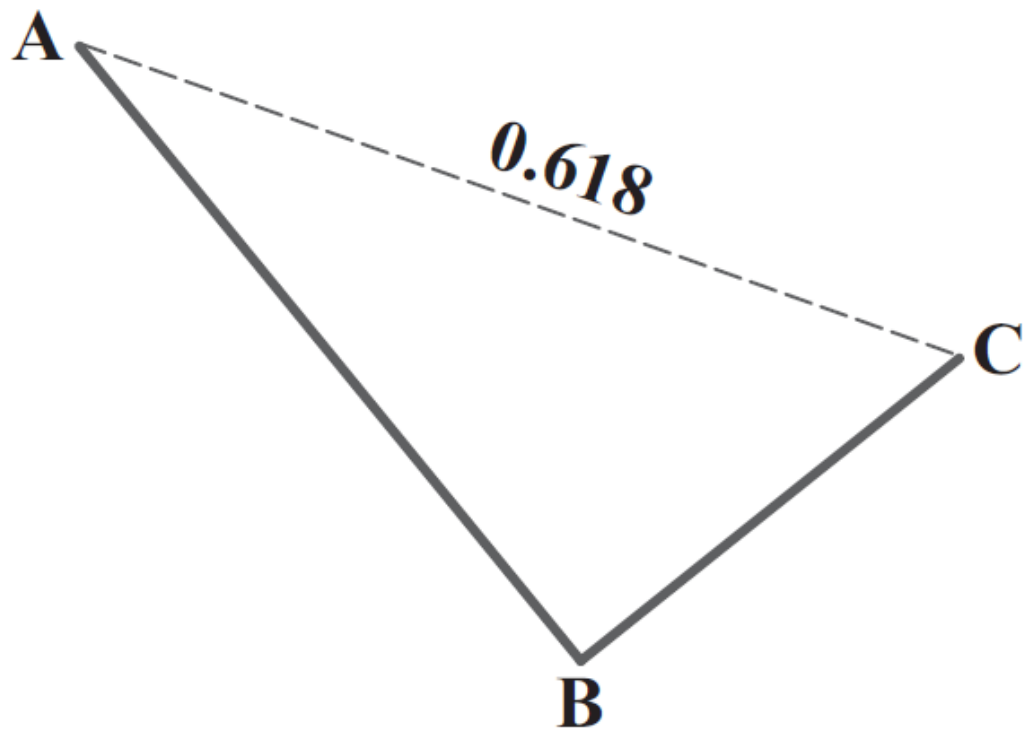
Primary Bullish Retracement: 0.618

The primary bullish 0.618 (see Figure 2.5) ratio or retracement measurement is derived directly from the Fibonacci sequence. It is probably the best-known Fibonacci ratio. Although commonly and incorrectly referred to as a 2/3 retracement, the bullish 0.618 retracement is important support and frequently can be found in well-established channels. In addition, long-term 0.618 retracements can identify critical levels of long-term support.



Primary Bearish Retracement: 0.618

Again, the 0.618 is probably the best-known Fibonacci ratio. It is important to note that Elliott Wave measurements frequently utilize 0.618 retracements to project time and price targets. The bearish 0.618 retracement (see Figure 2.6) frequently can be found in well-established down-trend channels. In addition, long-term bearish 0.618 retracements can be critical levels of long-term resistance following.

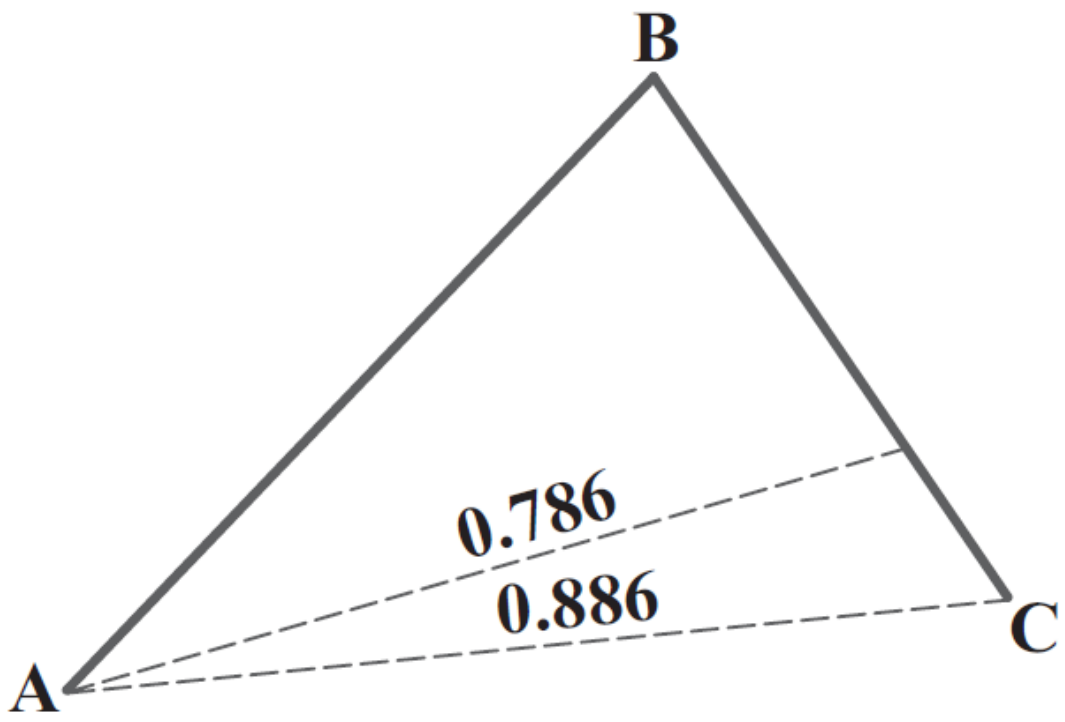


Primary Derived Bullish Retracements: 0.786 and 0.886

The Primary Derived Bullish Retracements of the 0.786 and the 0.886 (see Figure 2.7) are directly derived from the 0.618 ratio. The 0.786 is the square root of the 0.618. The 0.886 is the fourth root of the 0.618 or indirectly derived as the square root of the 0.786.

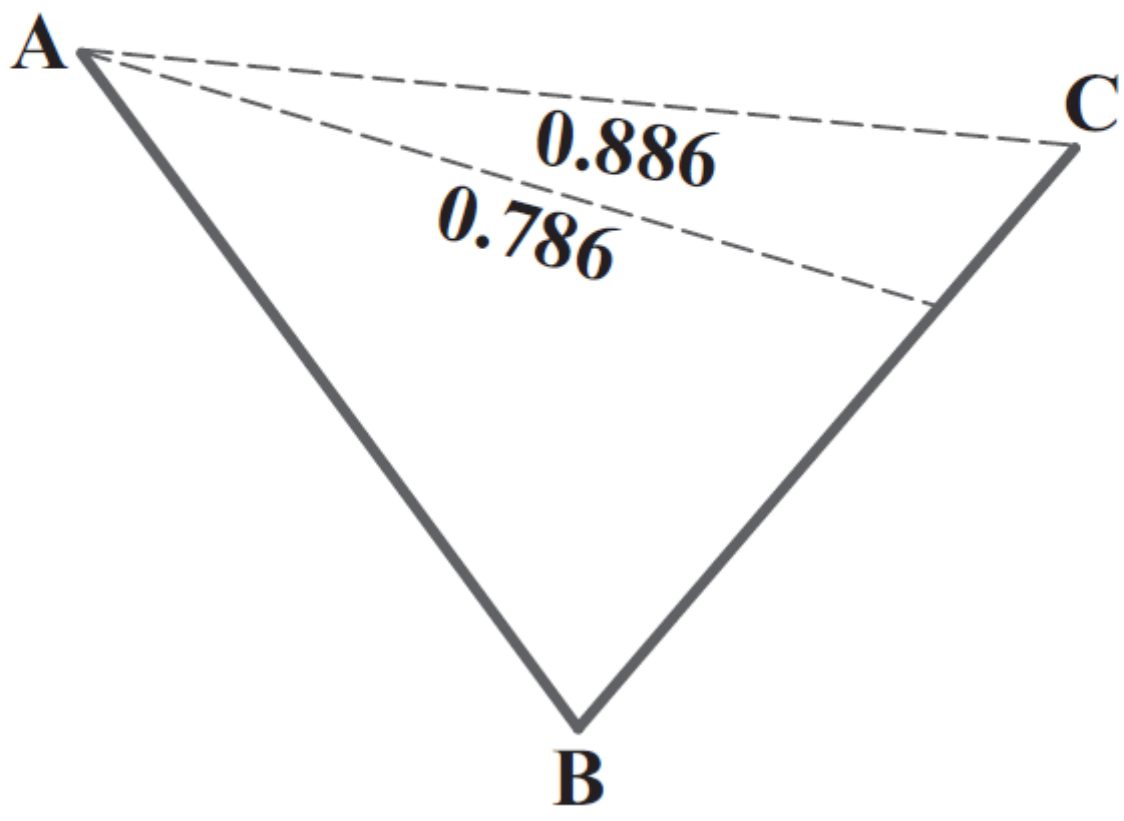
$$0.786 = \sqrt{0.618}$$

$$0.886 = \sqrt[4]{0.618} \quad \text{or} \quad \sqrt{0.786}$$



Primary Derived Bearish Retracements: 0.786 and 0.886

The 0.786 and 0.886 bearish retracements (see Figure 2.8) are commonly found in many corrective patterns. Again, the 0.886 is a more critical harmonic number in most patterns than the 0.786 retracement.



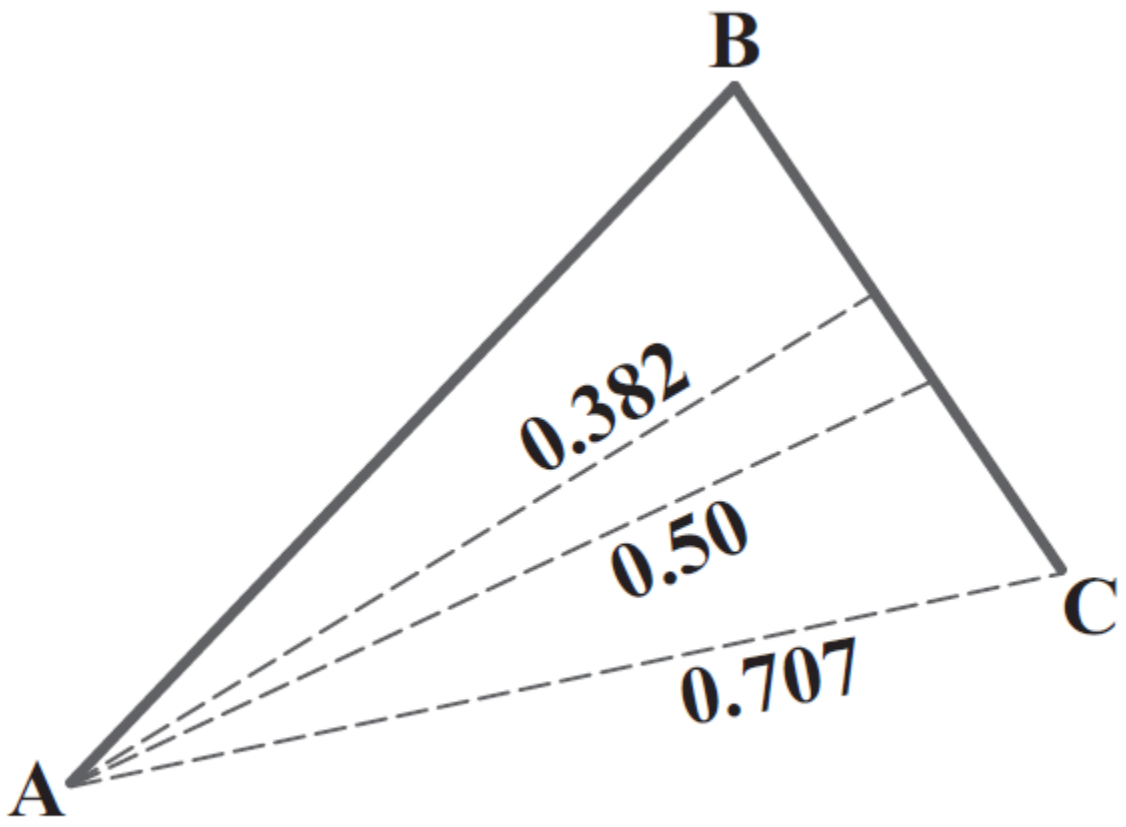


Figure 2.9

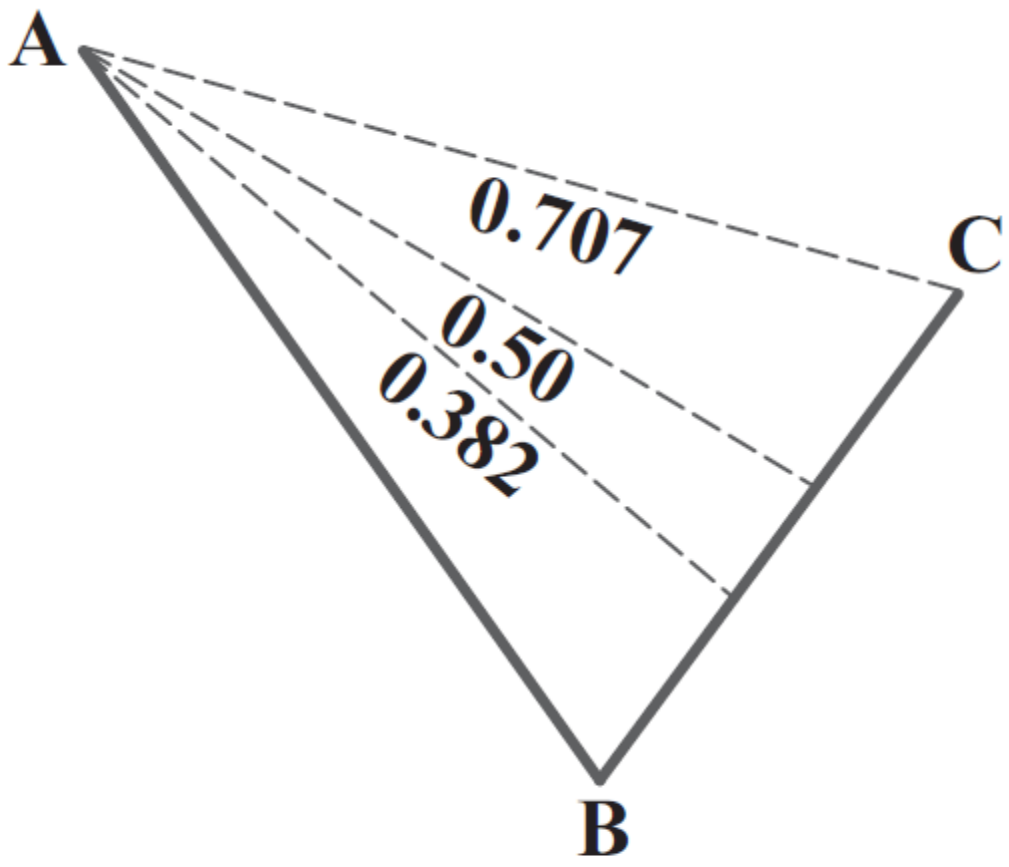
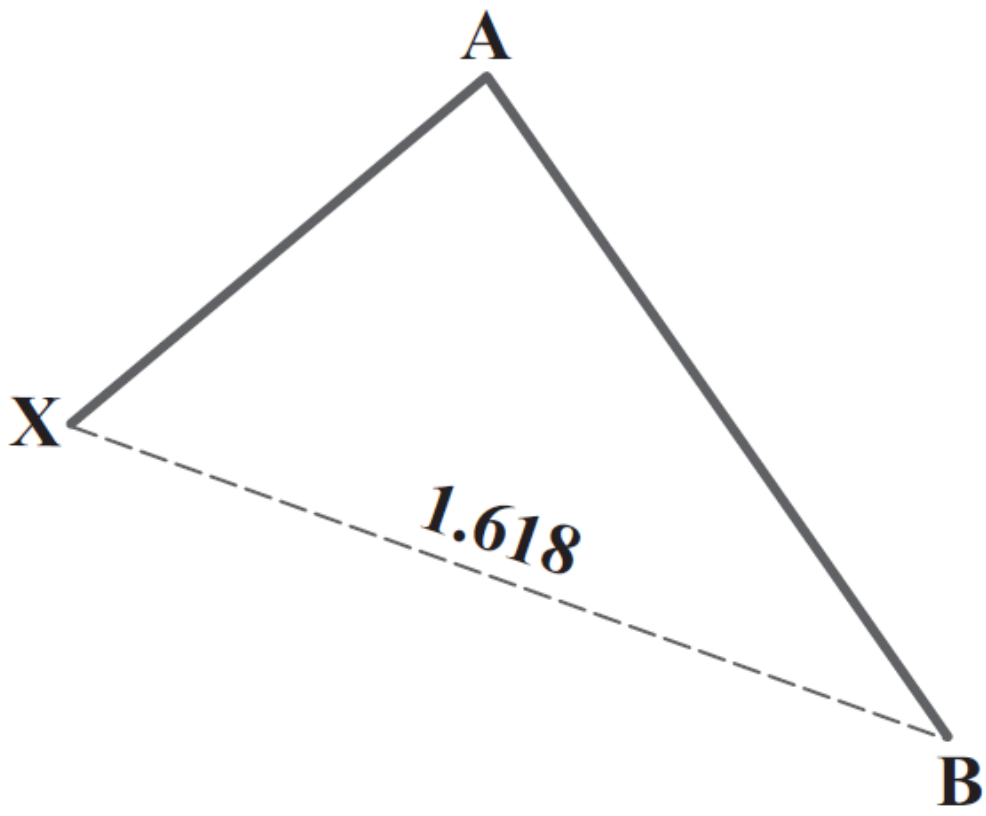


Figure 2.10

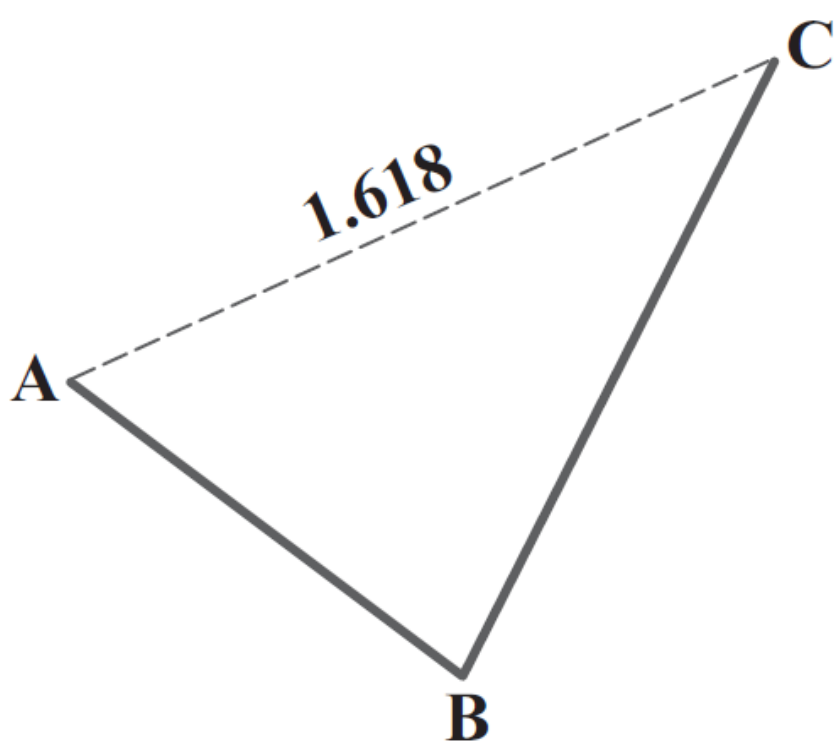
Primary Bullish Projection: 1.618

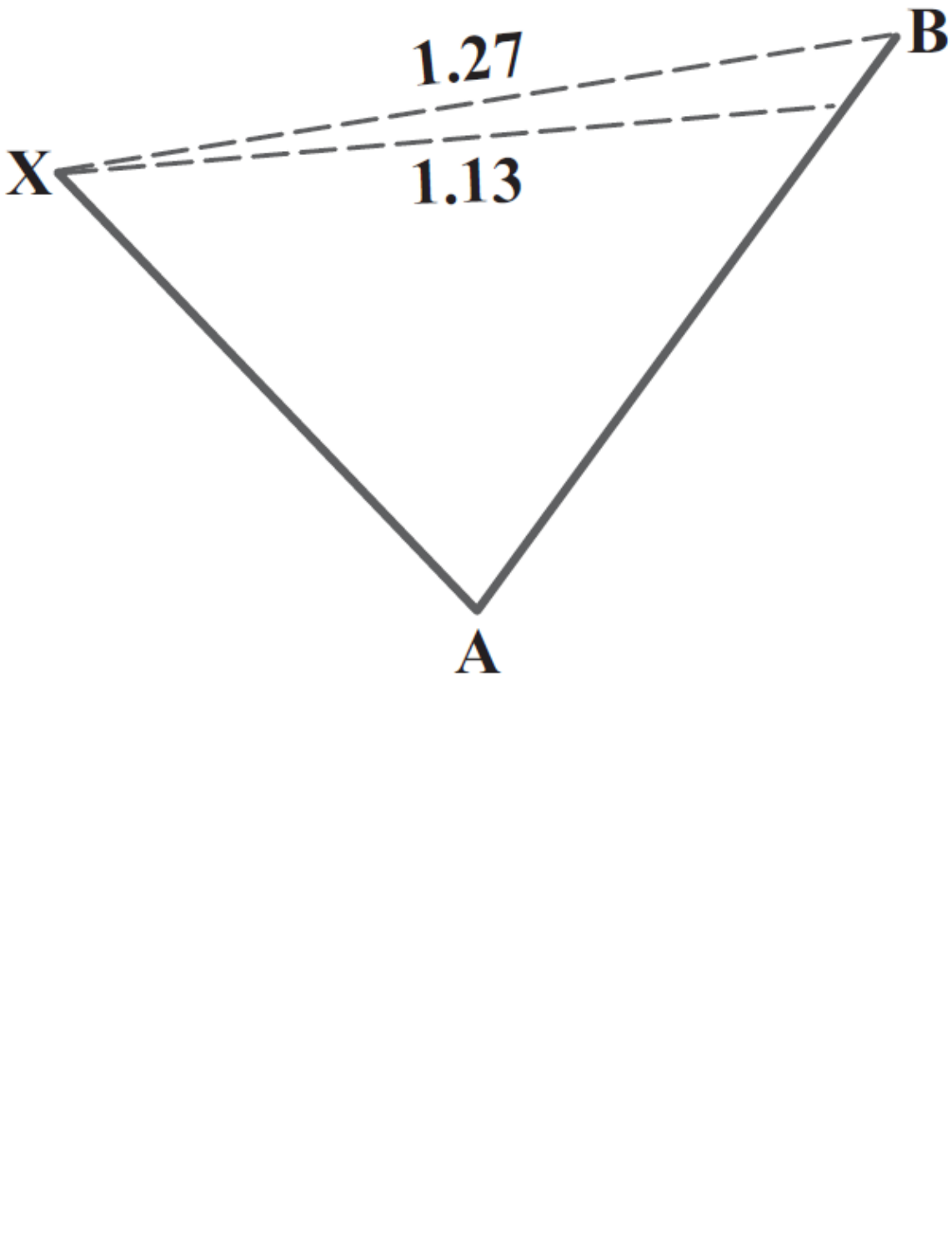
The primary bullish 1.618 projection (see Figure 2.11) signifies an oversold state of price action. It is the defining measurement in the Crab and the Deep Crab patterns, and it is an important element in the Bat structure. In addition, the 1.618 extension works extremely well on intra-day time frames for short-term trading opportunities.

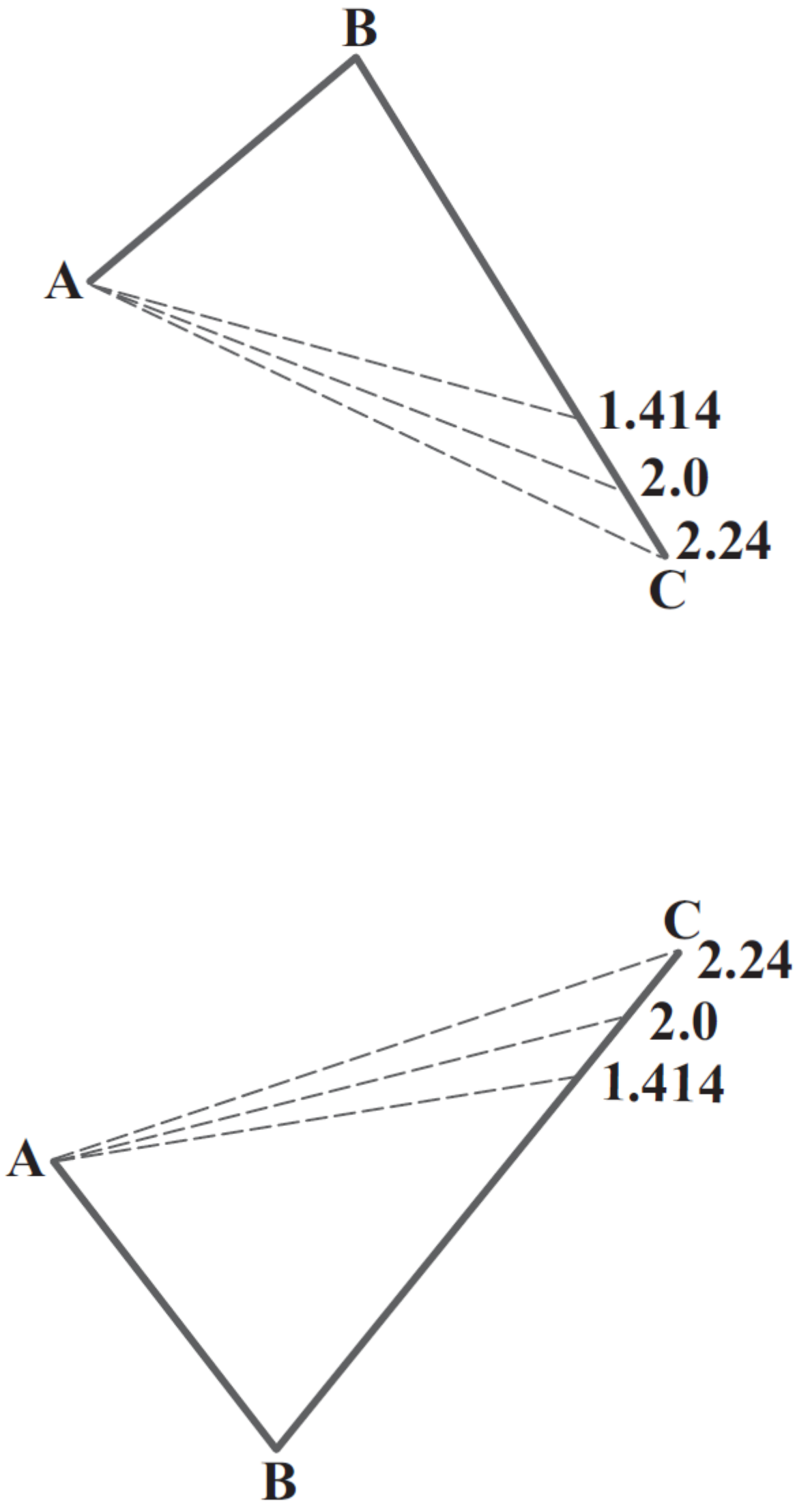


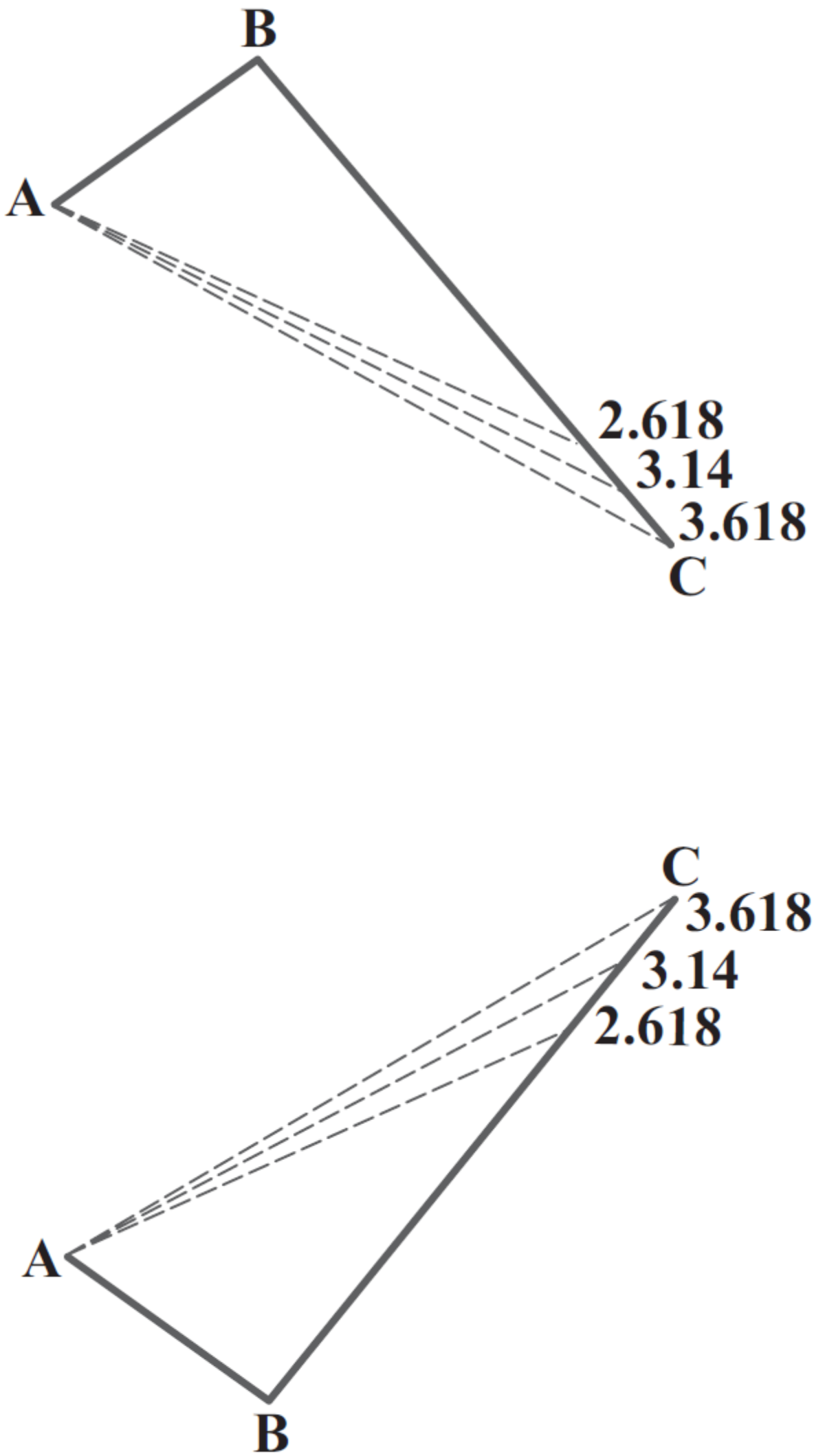
Primary Bearish Projection: 1.618

From a pure Fibonacci perspective, a 1.618 extension signifies an overbought state of price action, especially when other harmonic measurements exist that complement this resistance level (see Figure 2.12).



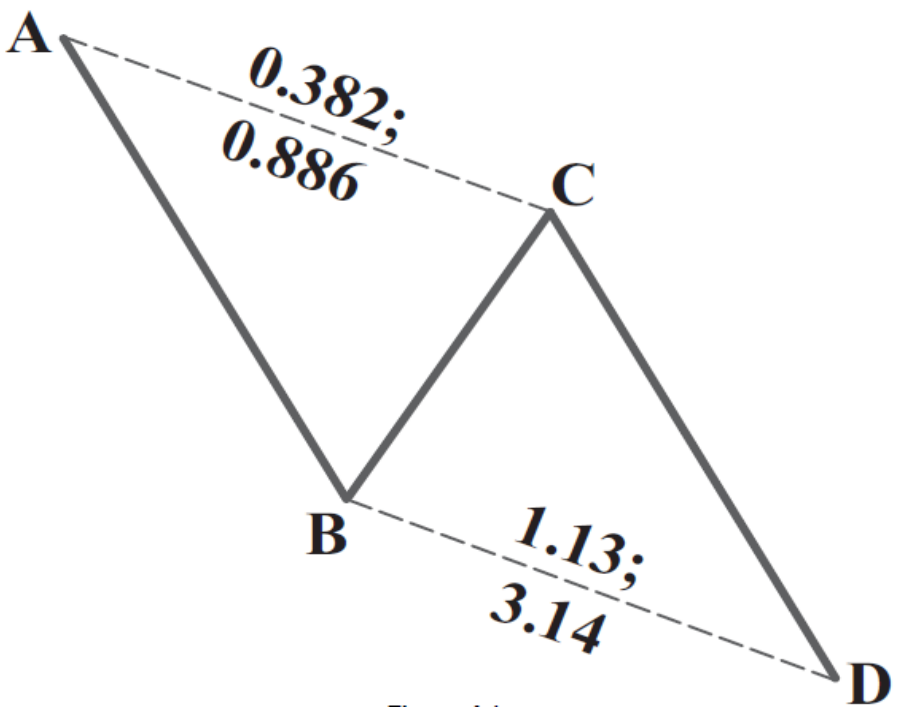






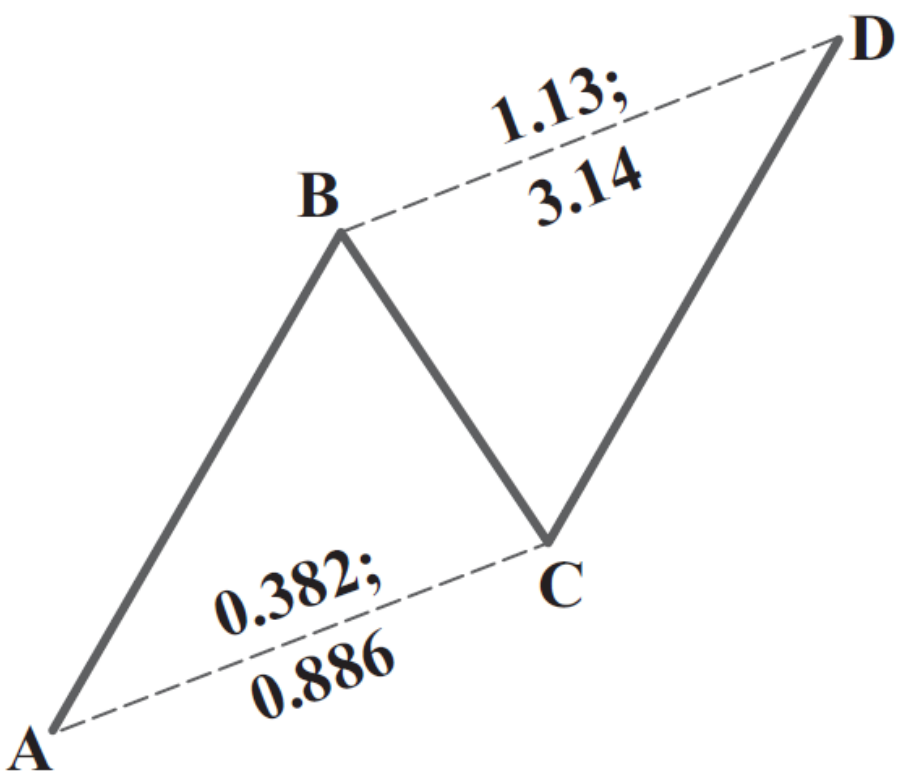
The Bullish AB=CD Pattern

The Bullish AB=CD pattern is an excellent measure when looking at a well-defined sell-off. Although the symmetry may vary, this basic structure is a minimum requirement for all harmonic patterns (see Figure 4.1).



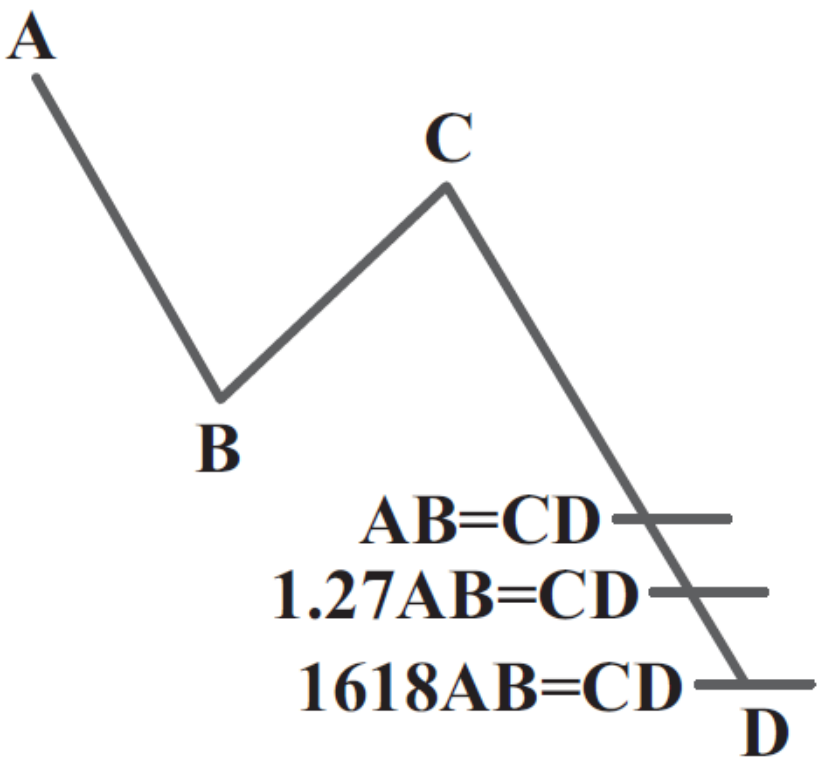
The Bearish AB=CD Pattern

The Bearish AB=CD should possess a distinct symmetry with the completion point of the pattern complementing the BC projection and defining a precise PRZ (see Figure 4.10).



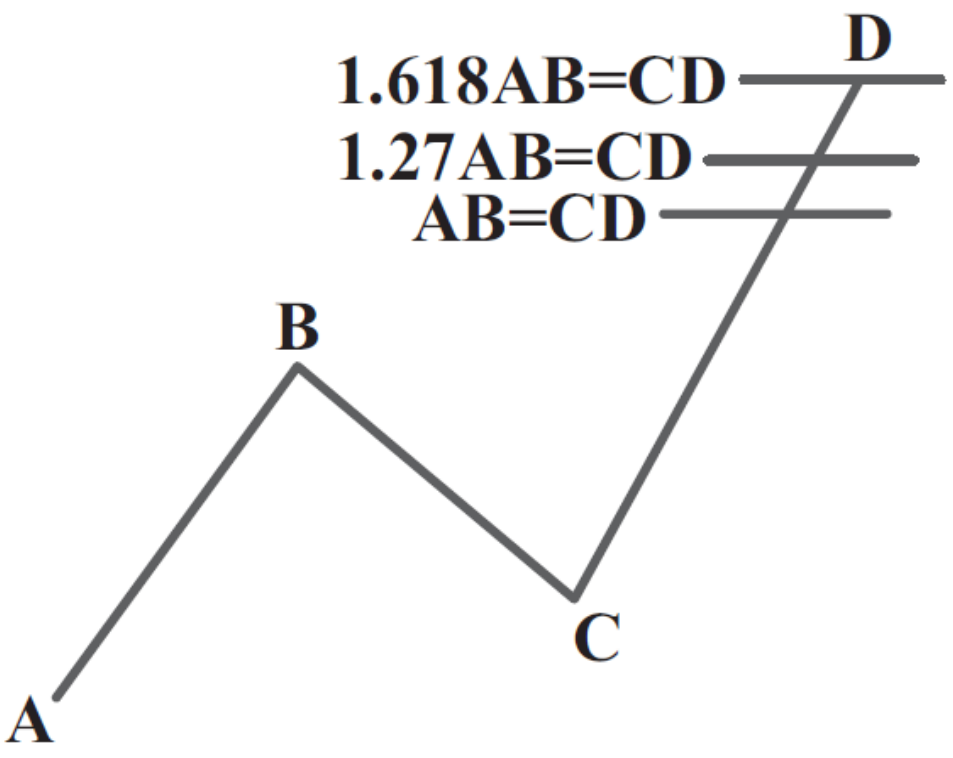
Alternate Bullish AB=CD Pattern

The Alternate Bullish AB=CD pattern (see Figure 4.20) typically develops in patterns like the Bullish Crab and the Bullish Butterfly in extended sell-offs. However, the Alternate AB=CD pattern is merely a complementary measure relative to other Fibonacci numbers in the PRZ. In addition, equivalent AB=CD patterns usually possess more significant completion points than the alternate structures. The 1.618 AB=CD pattern is utilized less frequently than the other AB=CD combinations. Despite the variations, each AB=CD measurement, when applied to correct the harmonic pattern can define precise reversal areas and offer an effective means to quantify price structures.



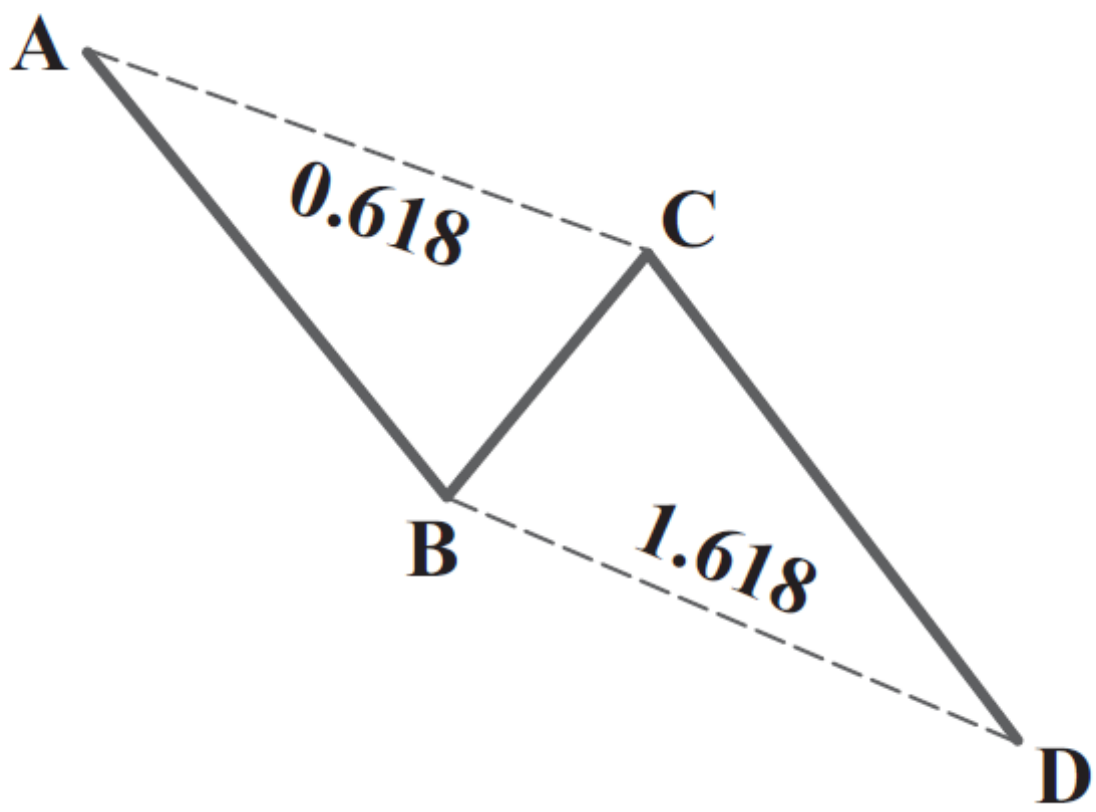
Alternate Bearish AB=CD Pattern

It is important to note that the AB=CD pattern—equivalent or alternate—is the basis for all harmonic structures (see Figure 4.21). In most setups, the equivalent AB=CD pattern is a minimum requirement before entering a trade. When combined with other significant Fibonacci retracements and projections, the AB=CD pattern can define excellent reversal areas.



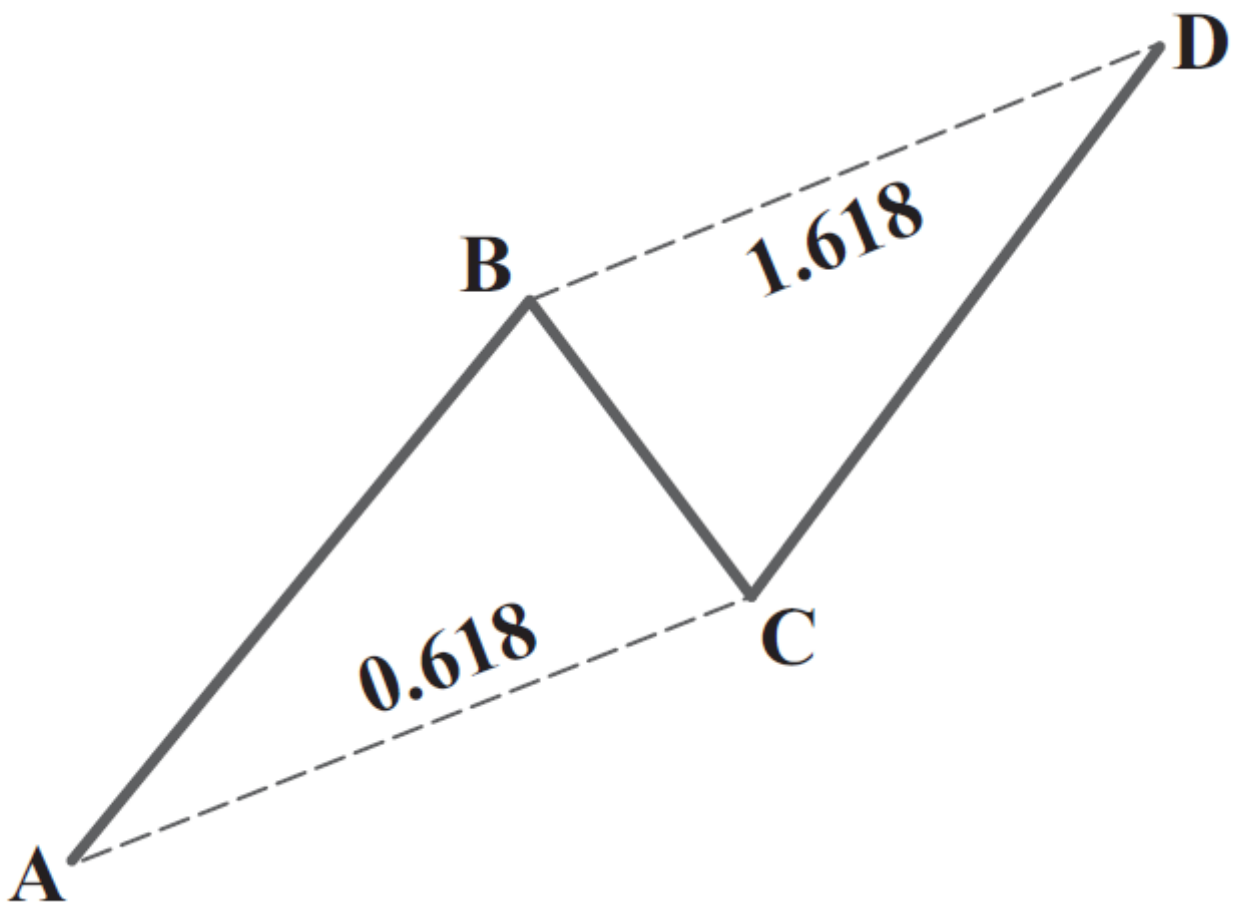
The Perfect Bullish AB=CD Pattern

The perfect Bullish AB=CD pattern is usually a distinct structure that adheres to a precise symmetry and mandatory Fibonacci pivot points (see Figure 4.22). The AB=CD completion point should be the lowest number in the PRZ and converge in the same area with the 1.618 BC projection.



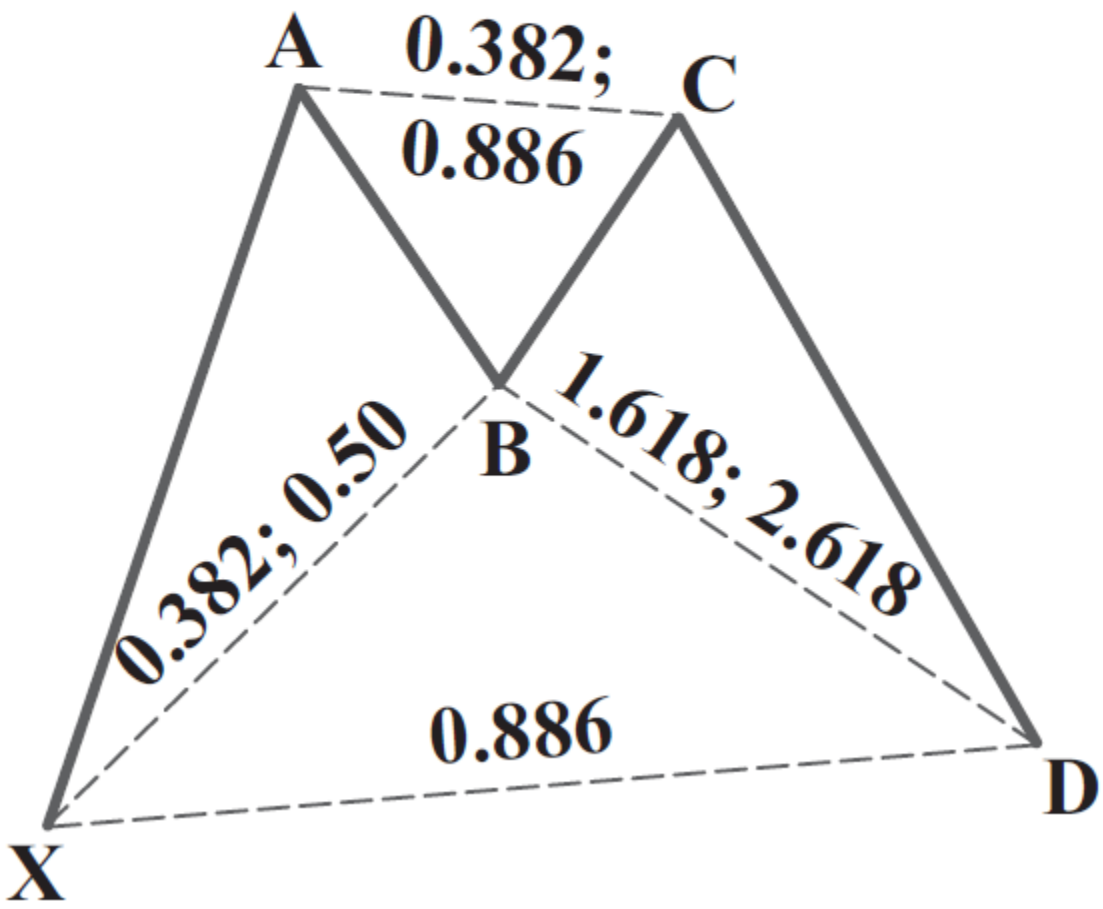
The Perfect Bearish AB=CD Pattern

The perfect Bearish AB=CD pattern is a distinct structure that adheres to precise Fibonacci pivot points (see Figure 4.24).



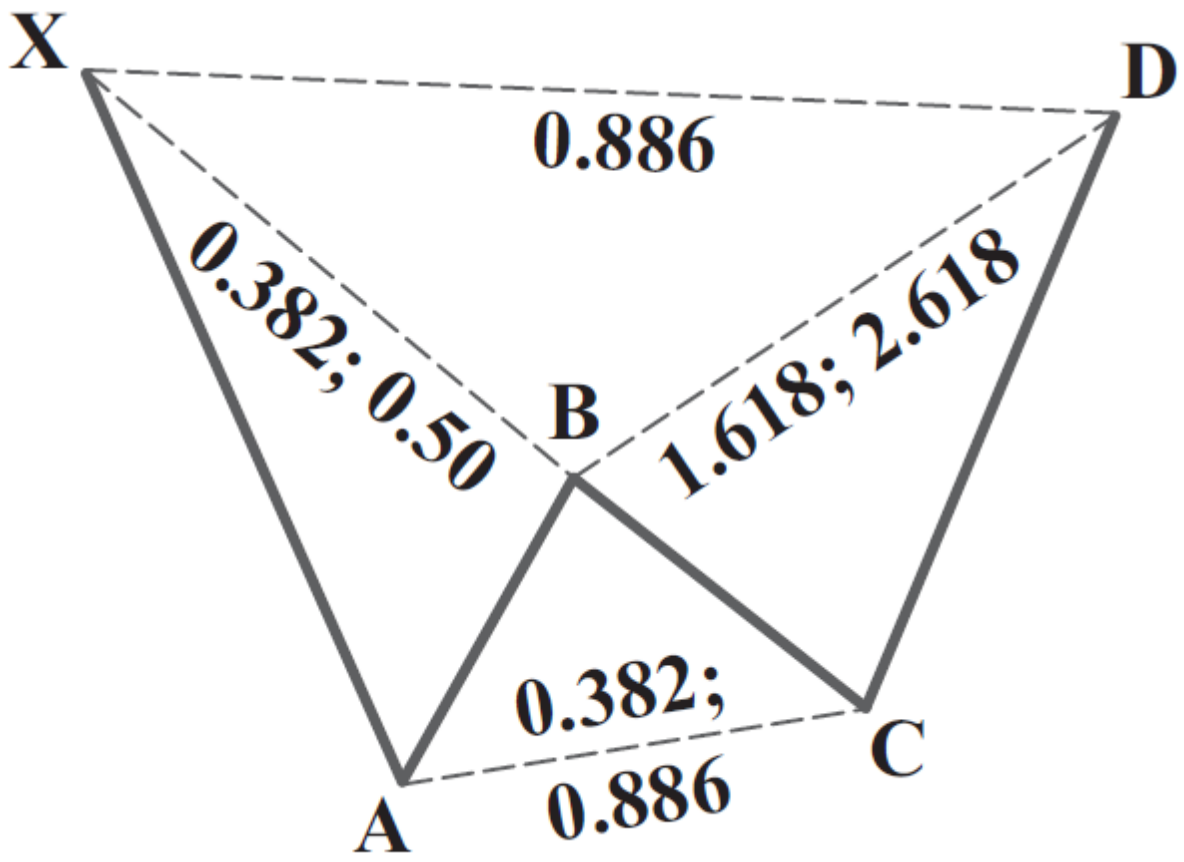
The Bullish Bat Pattern

A B point that is less than a 0.618 retracement, preferably a 0.50 or 0.382 of the XA leg, defines the Bullish Bat pattern (see Figure 5.1). The bullish 0.886 retracement is critical in this setup. Typically, Bullish Bat patterns are excellent 5-point corrective structures found in well-established support levels.



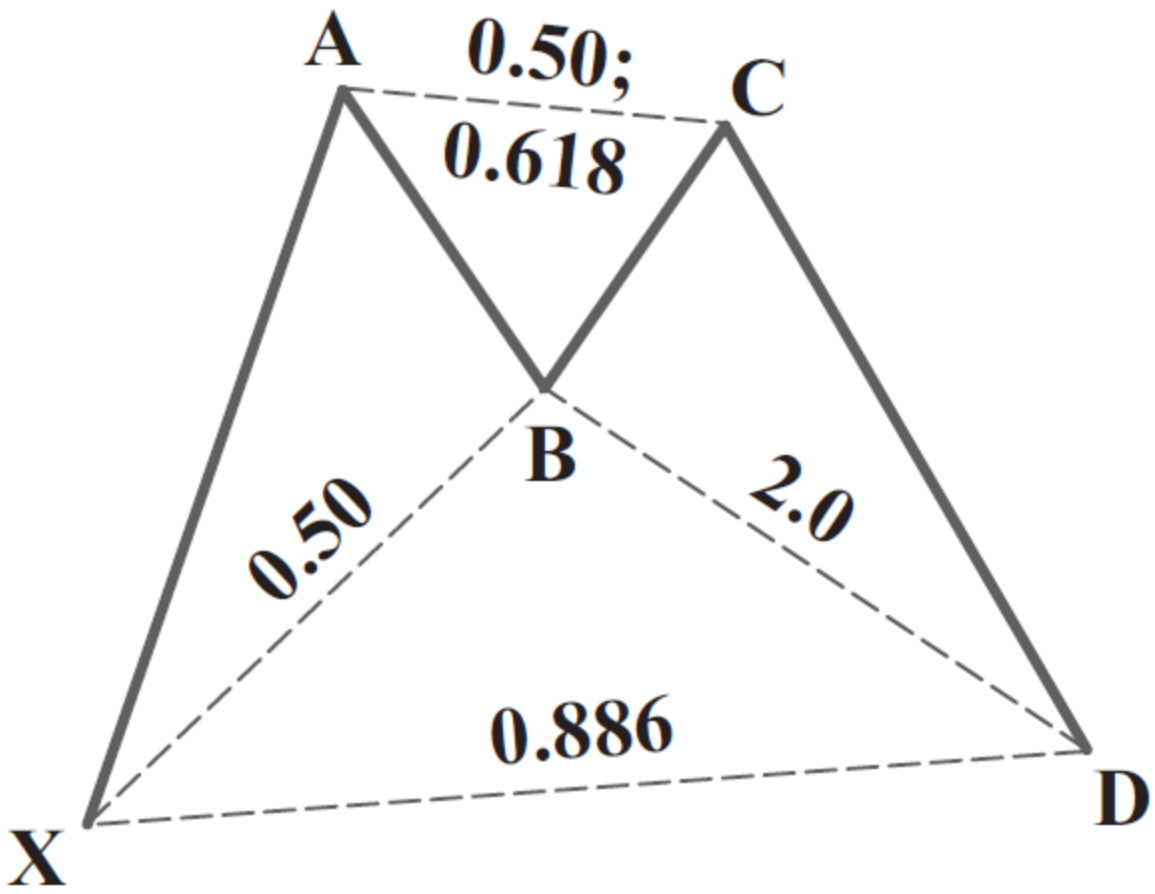
The Bearish Bat Pattern

A B point that is less than a 0.618 retracement, preferably a 0.50 or 0.382 of the XA leg, defines the Bearish Bat pattern (see Figure 5.12). Bearish Bat patterns are excellent 5-point corrective structures that frequently form after retracing a critical high point. In addition, these structures are excellent trading opportunities when they form at distinct levels of resistance.



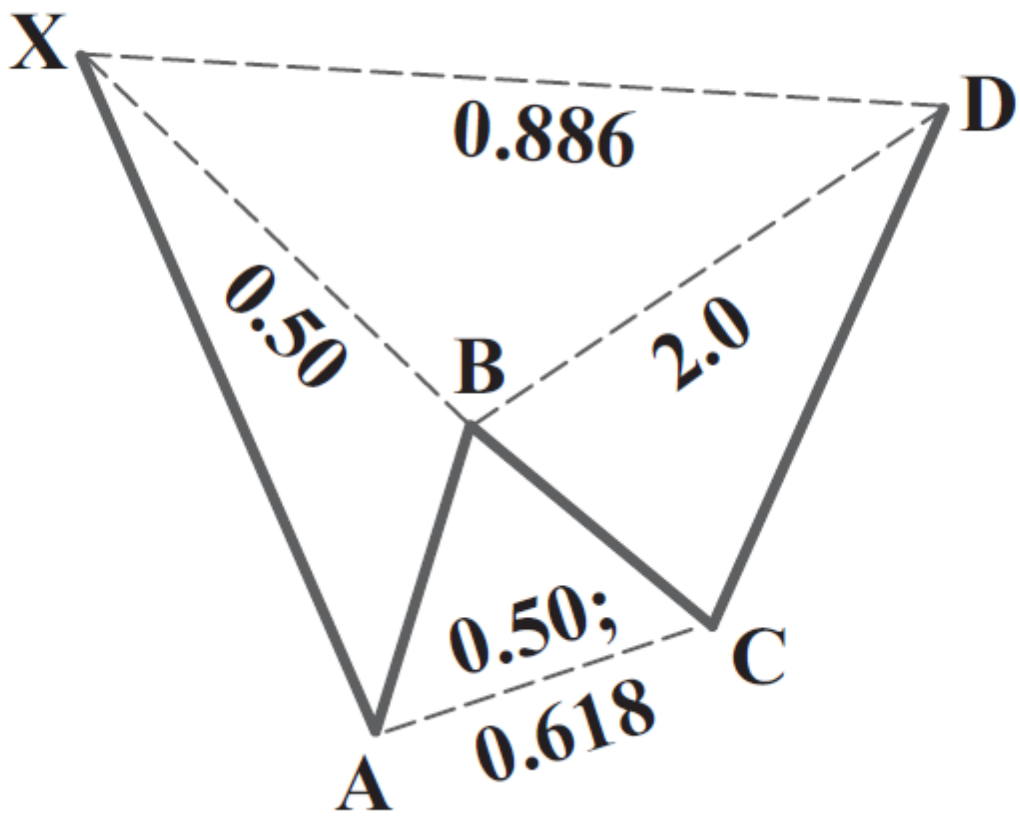
The Perfect Bullish Bat

The perfect Bullish Bat pattern is primarily defined by a precise 50% retracement at the B point (see Figure 5.20). The PRZ must possess an 0.886 retracement as the defining limit, and this area should be complemented by a 2.0 BC projection with an Alternate 1.27 AB=CD pattern. It is important to point out that the "0.50; 0.618" Fibonacci retracement range for the C point is the only "discretionary alignment" permitted. This C point range is the most ideal retracement to establish a 2.0 BC projection.



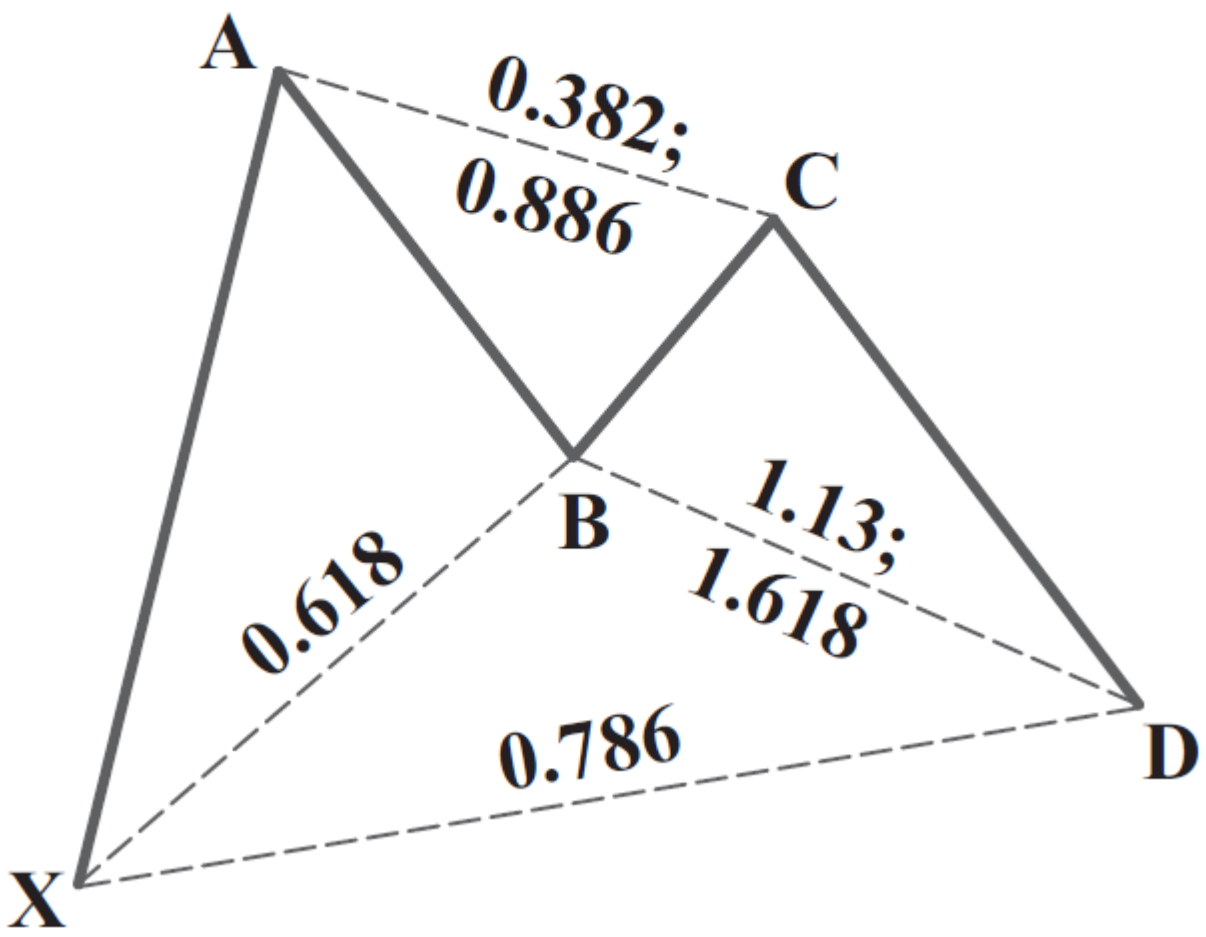
The Perfect Bearish Bat

The perfect Bearish Bat pattern is primarily defined by an exact 0.50 retracement at the B point. The PRZ must possess an 0.886 retracement as the defining upper limit, and this area should be complemented by a 2.0 BC projection with an alternate 1.27 AB=CD pattern (see Figure 5.23).



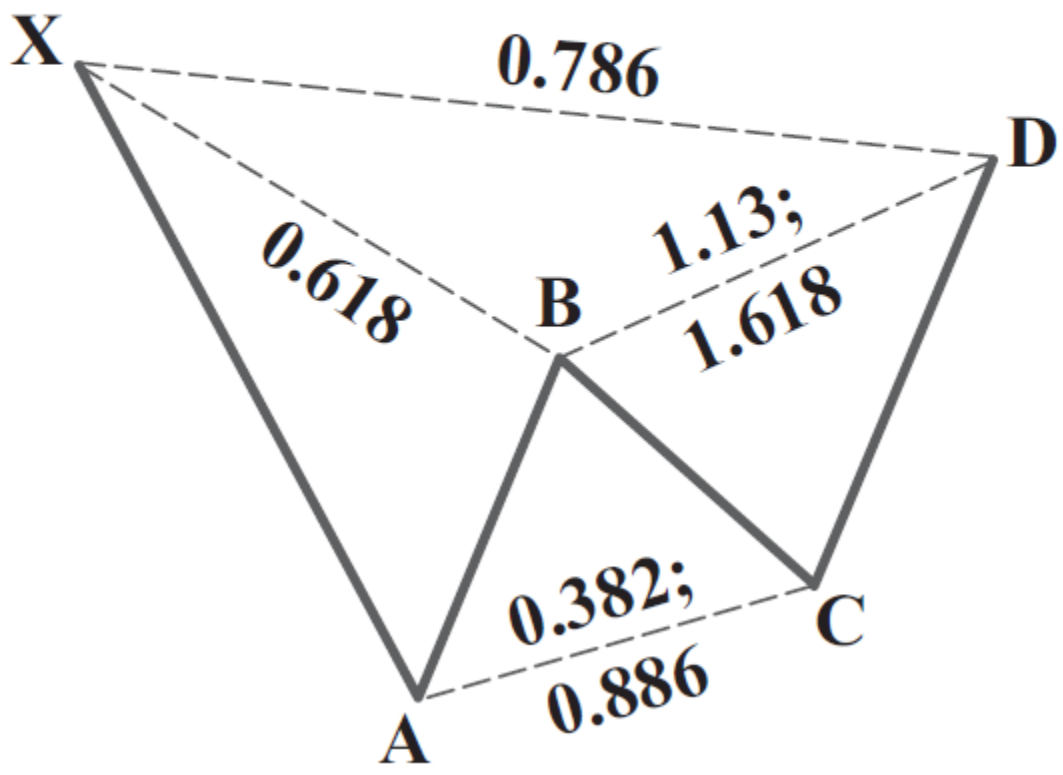
The Bullish Gartley

A distinct AB=CD and a 0.786 retracement define the Potential Reversal Zone (PRZ) in the Bullish Gartley (see Figure 6.1). However, these conditions are valid only with a 0.618 B point retracement of the XA leg.



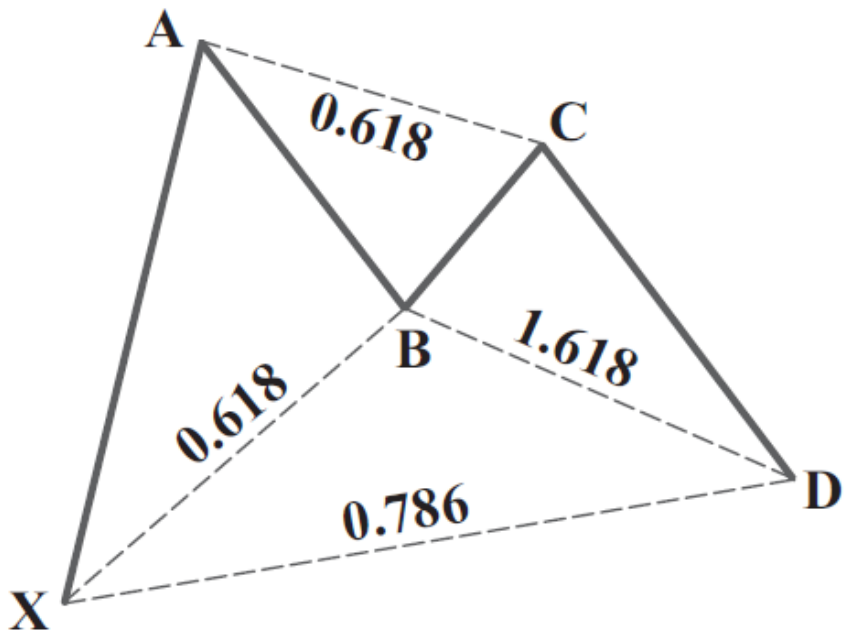
The Bearish Gartley Pattern

The Bearish Gartley structure is principally identified by a 0.618 B point retracement of the XA leg (see Figure 6.8). The other elements of the pattern—the AB=CD, the BC projection, and the 0.786 retracement—should converge within close proximity of each other to define the PRZ.



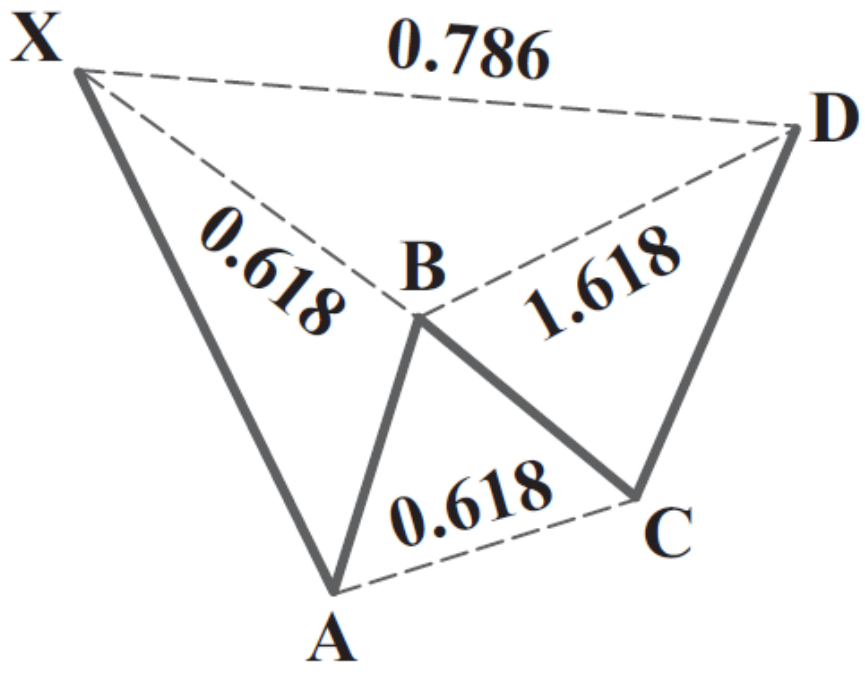
The Perfect Bullish Gartley

The perfect Bullish Gartley pattern is primarily defined by an exact 0.618 retracement at the B point (see Figure 6.17). Although the ideal price action should test the entire range of the Potential Reversal Zone (PRZ), the minimum AB=CD and the 0.786 XA leg still represent the most important numbers in the completion pattern. The structure should be distinct and possess ideal symmetry. In addition, the AB=CD should be a perfect bullish structure with 0.618 and 1.618 ratios at the respective points. The combination of these elements define a remarkably ideal setup with a particularly critical PRZ. Although these structures are rare, they represent the best alignment of all the Gartley variations.



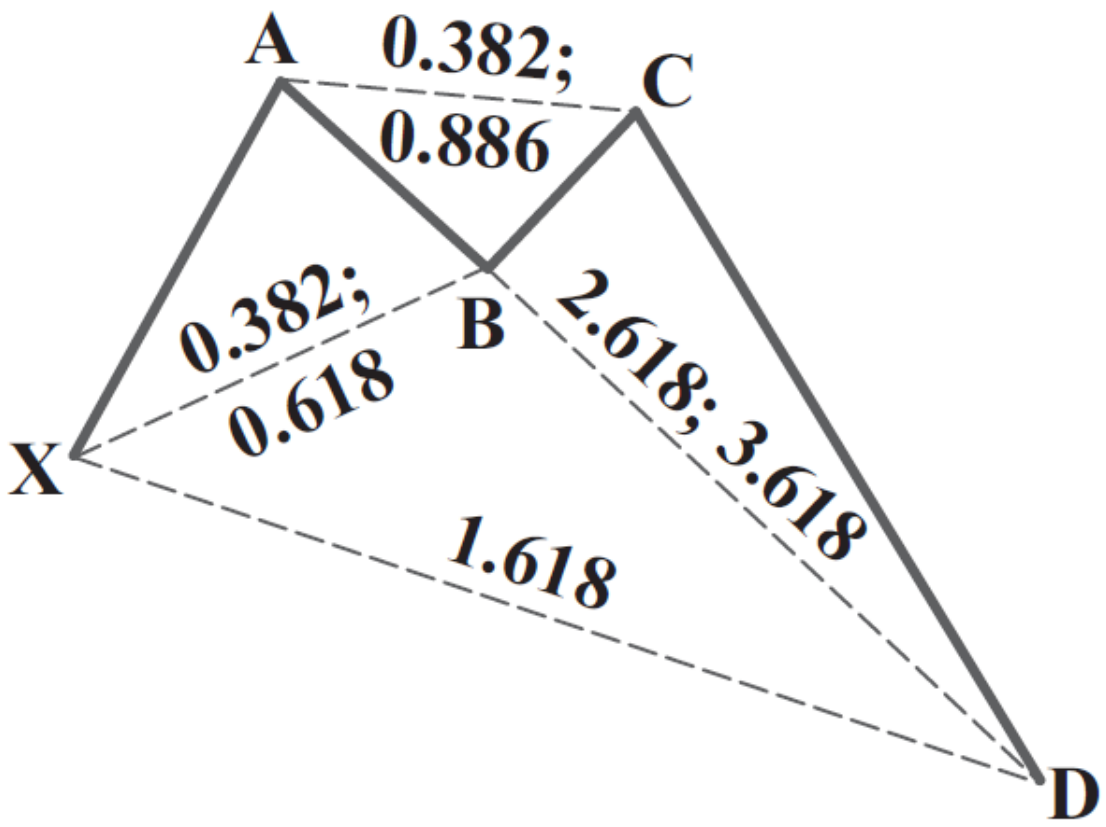
The Perfect Bearish Gartley

The perfect Bearish Gartley pattern is defined by an exact 0.618 retracement at the B point (see Figure 6.20). In addition, a perfect Bearish AB=CD and the 0.786 XA leg must be complemented by a 1.618 BC projection.



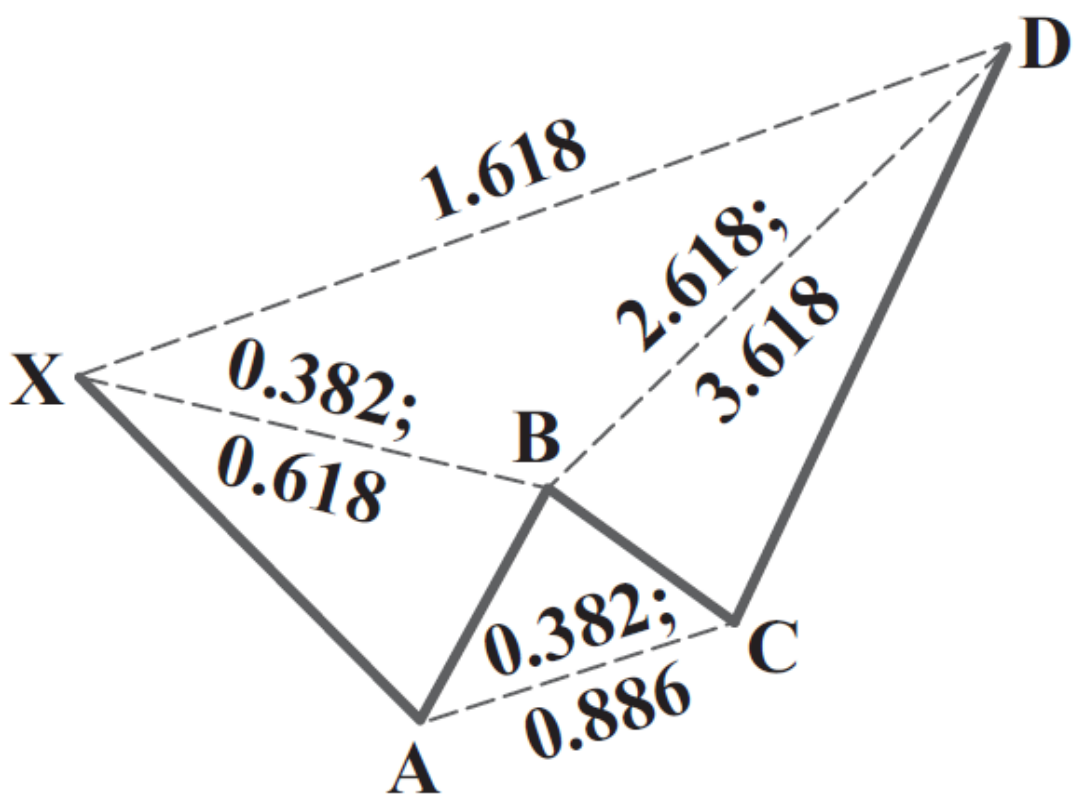
The Bullish Crab Pattern

The Bullish Crab pattern possesses a distinct structure with an extended final leg (see Figure 7.1). It is common for price action to become extreme as the pattern approaches its completion point. Again, it is best to wait for the 1.618 XA extension to be tested, but the BC projection should be a significant consideration and a minimum price level within the PRZ. In addition, the Alternate 1.27 or 1.618 AB=CD should complement this area.



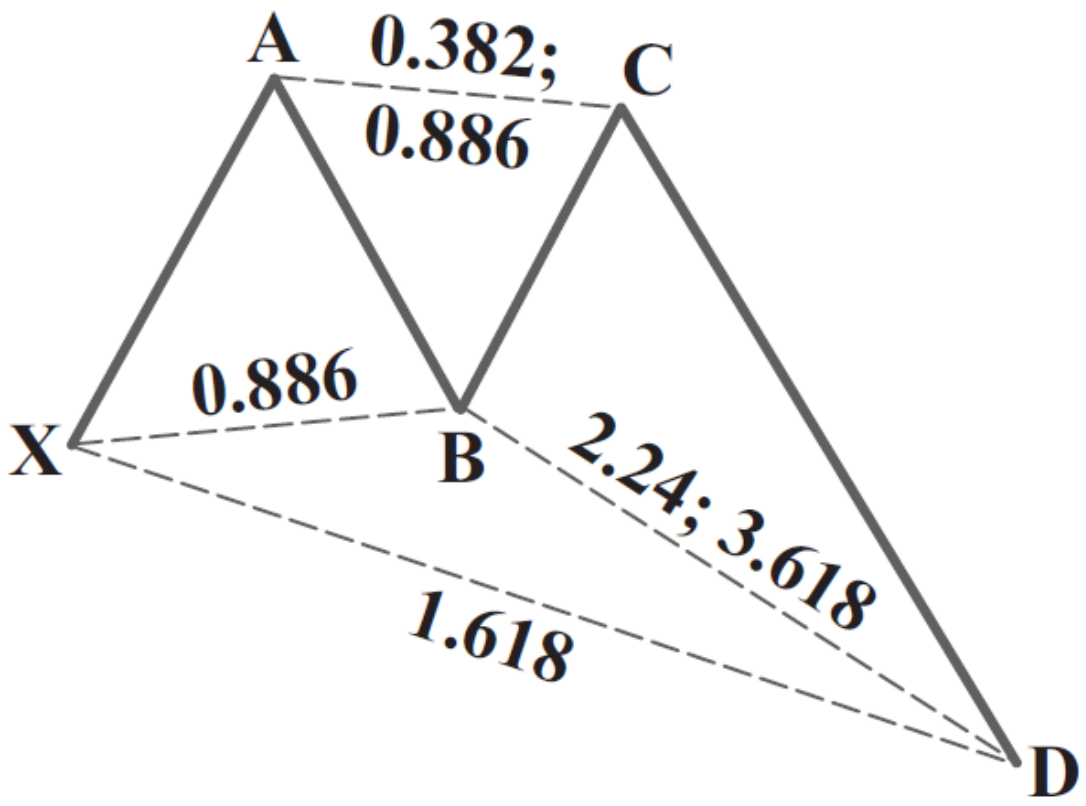
The Bearish Crab Pattern

The Bearish Crab pattern is a precise structure with a PRZ consisting of three numbers, the 1.618 XA retracement, the Alternate AB=CD, and an extreme BC projection (see Figure 7.7).



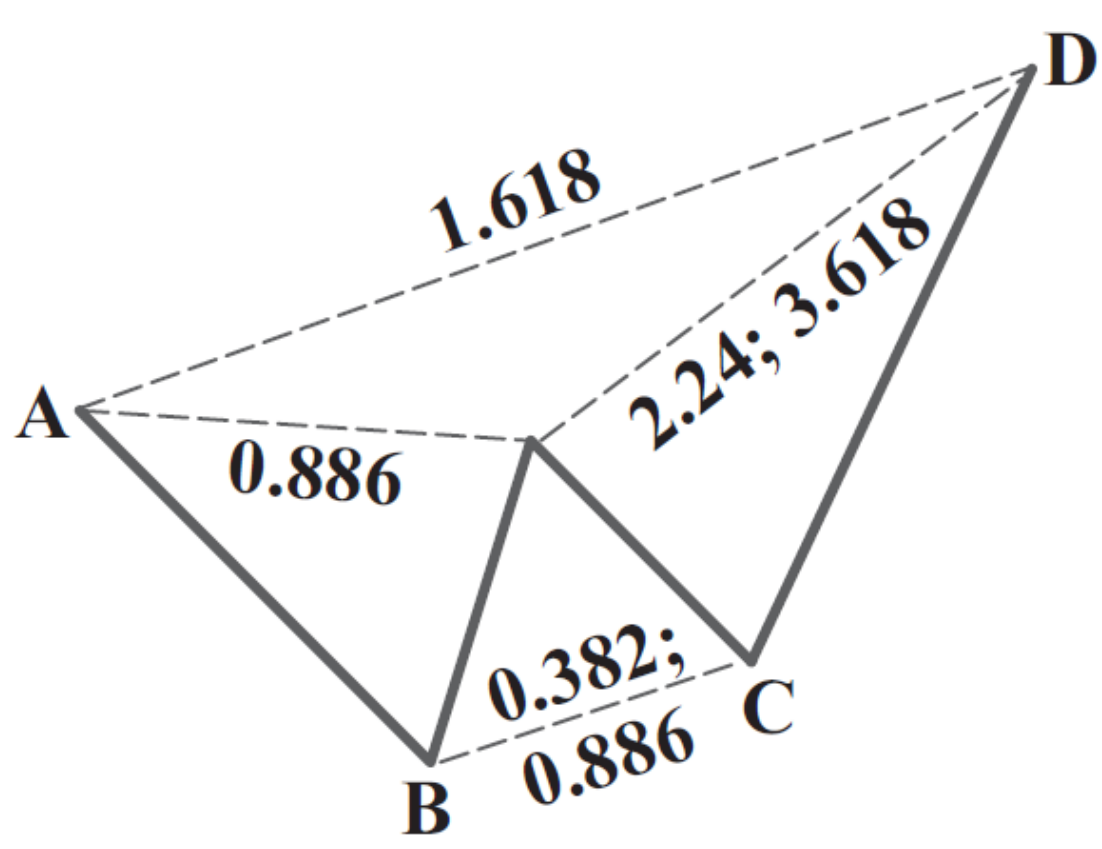
The Deep Bullish Crab Pattern

The Deep Bullish Crab is a distinct structure that is defined by the 0.886 B point retracement of the XA leg (see Figure 7.13). The 1.618 XA leg should be the lowest point in the PRZ and the defining limit in the completion of the pattern. The pattern usually possesses some type of Alternate Bullish AB=CD that requires either a 1.27 or 1.618 calculation.



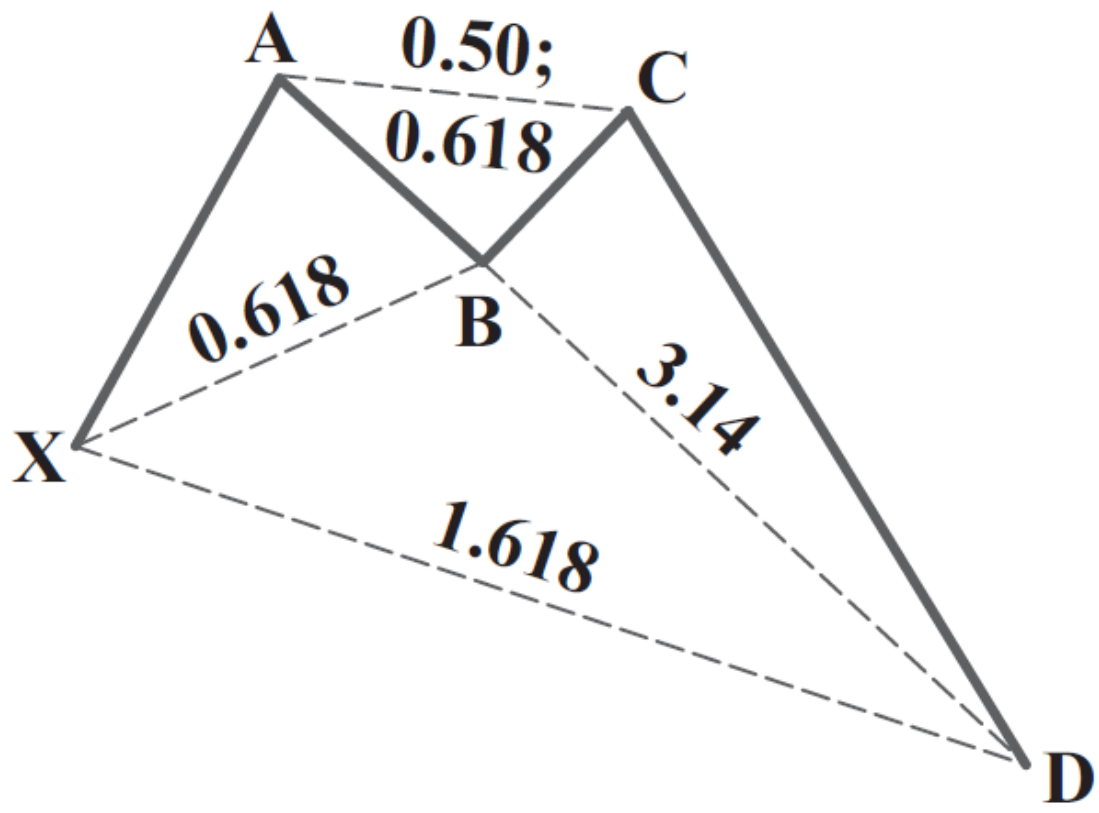
The Deep Bearish Crab Pattern

The Deep Bearish Crab pattern utilizes a 1.618 XA projection exclusively for the defining level in the PRZ (see Figure 7.16). The 0.886 retracement at the B point validates the structure as “deep” in nature. Essentially, this pattern possesses multiple extensions that combined with an Alternate AB=CD structure, identify considerable potential turning points. The pattern frequently develops after a trend has been established in patterns with an extreme BC projection.



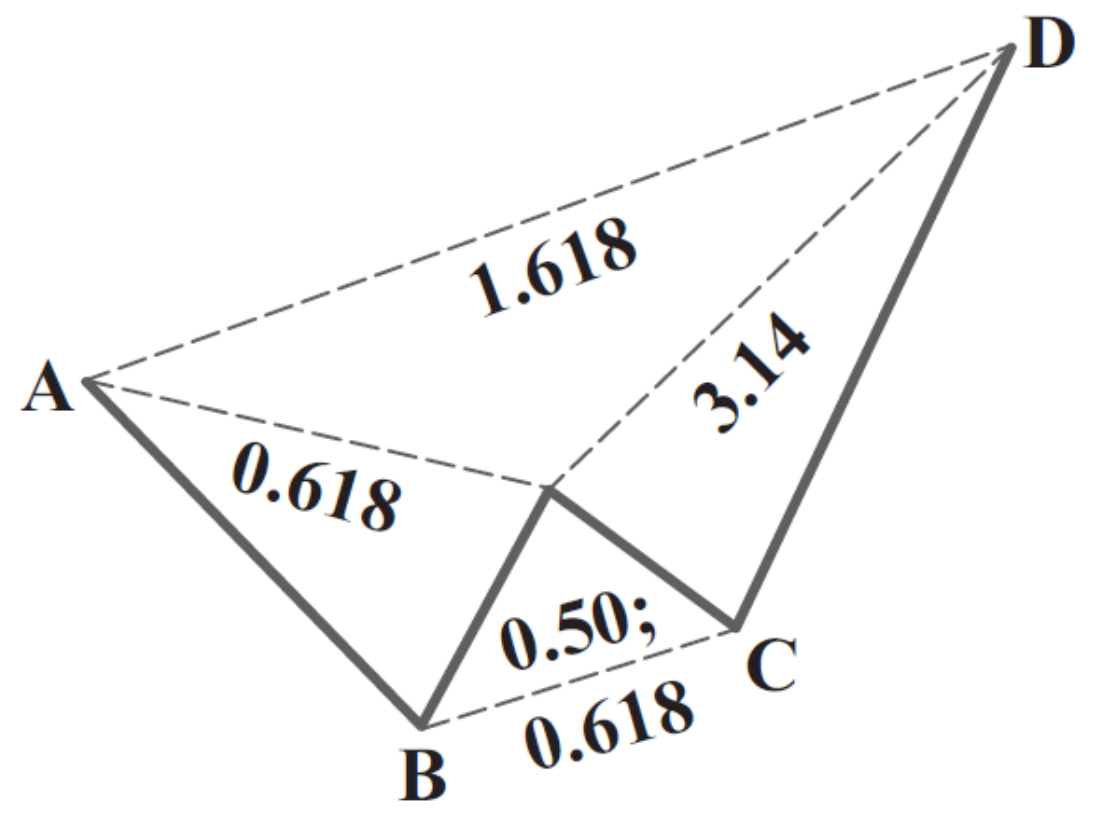
The Perfect Bullish Crab Pattern

The perfect Bullish Crab pattern in Figure 7.19 is a distinct structure that possesses a precise alignment of 0.618 B point retracement, a 1.618 XA projection, an Alternate 1.618 AB=CD, and a 3.14 BC projection.



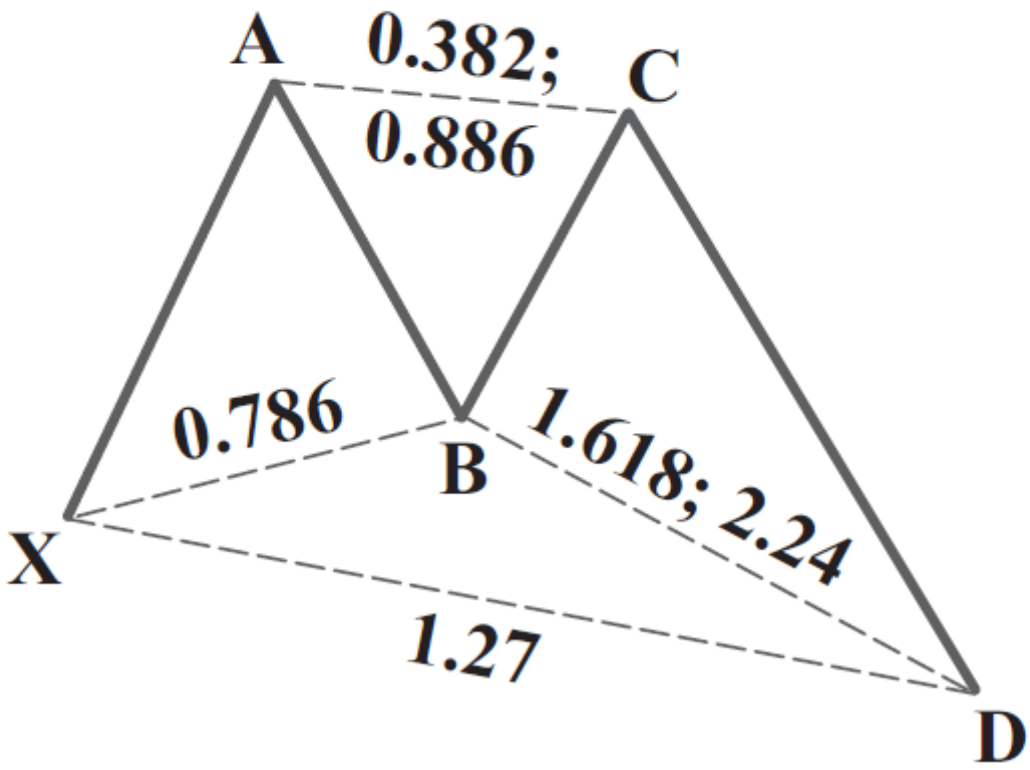
The Perfect Bearish Crab Pattern

The perfect Bearish Crab is a distinct 5-point extension structure that combines the particularly harmonic ratios of the 1.618 at the XA leg and the 3.14 at the BC leg (see Figure 7.22). This unique alignment frequently defines remarkable trading opportunities and incredibly precise resistance zones.



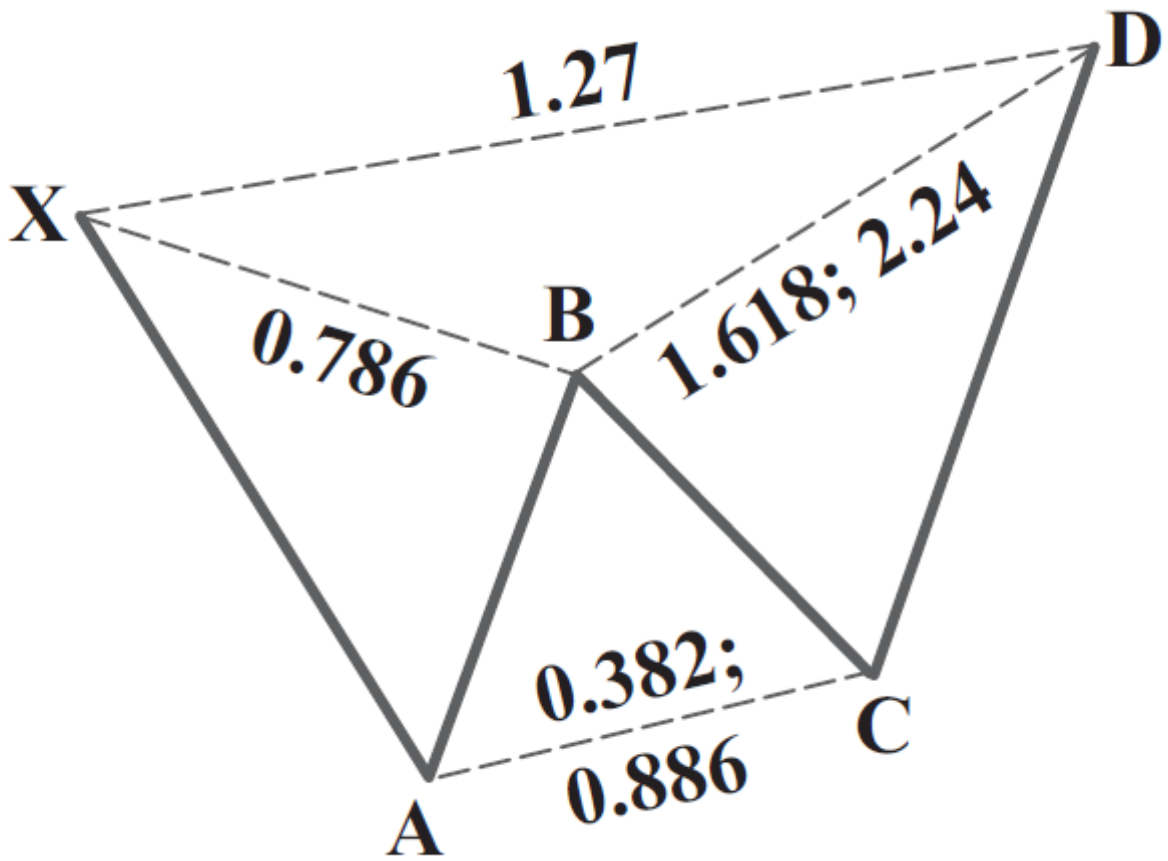
The Bullish Butterfly Pattern

Beginning with a precise 0.786 B point retracement, the Bullish Butterfly (see Figure 8.1) encompasses a minimum AB=CD pattern with the 1.27 XA and the 1.618 BC projections as mandatory requirements to define the Potential Reversal Zone (PRZ).



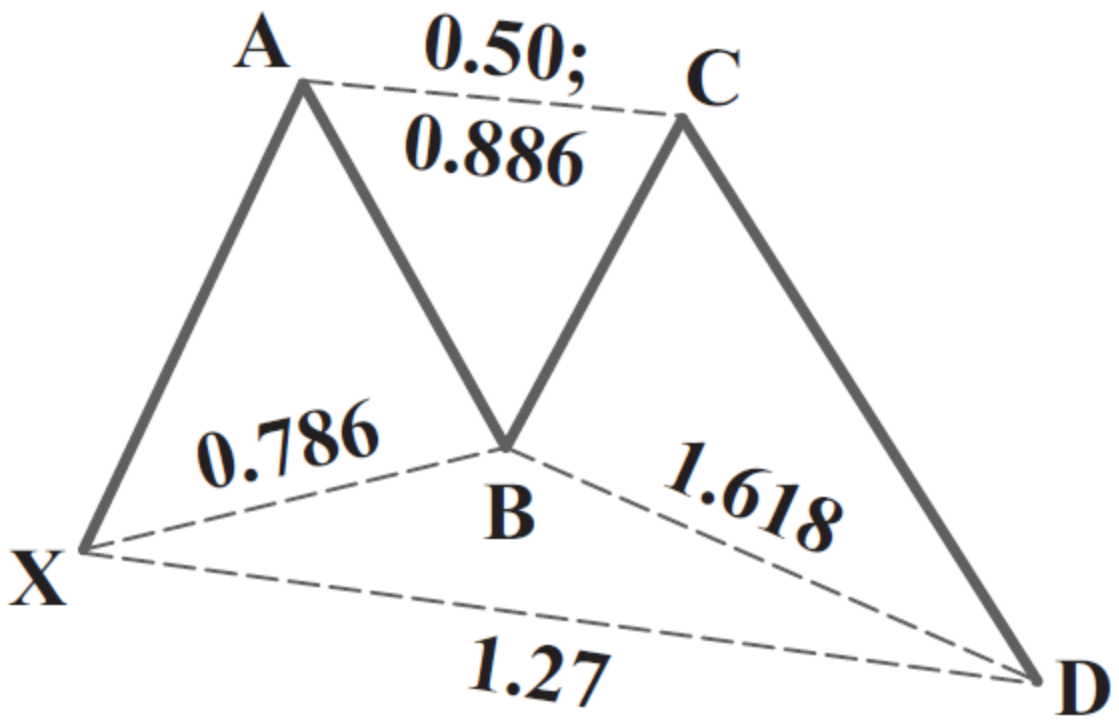
The Bearish Butterfly Pattern

The ideal Bearish Butterfly structure is defined by a precise 0.786 B point retracement of the XA leg (see Figure 8.9). The setup requires an AB=CD pattern that should converge with the 1.27 XA and the 1.618 BC projections as minimum conditions to define the PRZ.



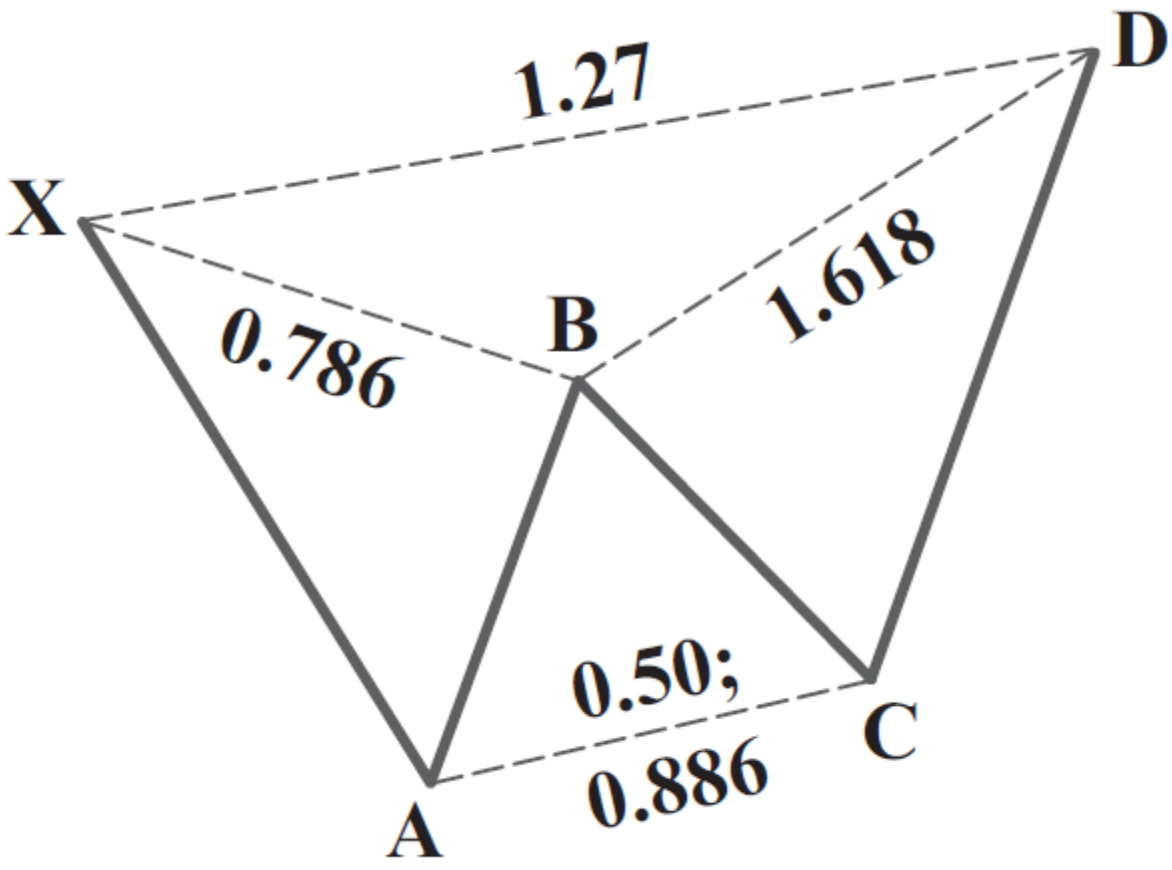
The Perfect Bullish Butterfly

The perfect Bullish Butterfly is a distinct 5-point extension structure that requires a specific alignment of Fibonacci numbers, including a 1.27 XA projection as the lowest limit in the PRZ (see Figure 8.14). The pattern must possess an Alternate 1.27 AB=CD pattern with a precise 1.618 BC projection, as well.



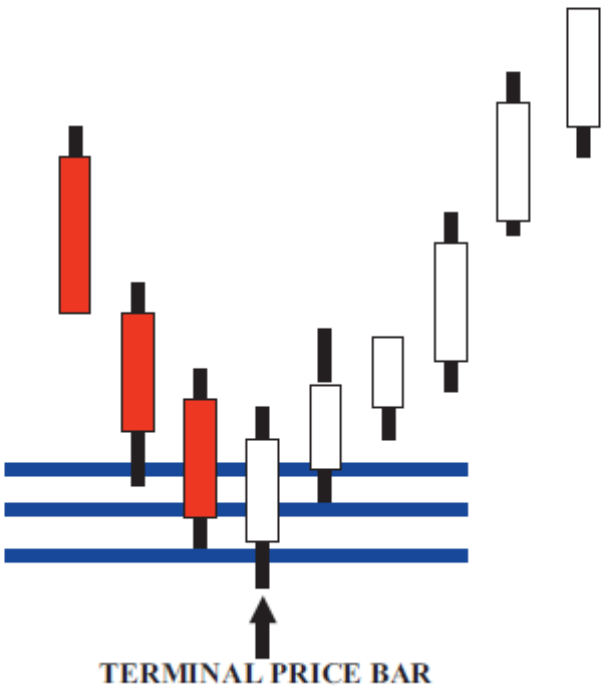
The Perfect Bearish Butterfly

The perfect Bearish Butterfly in Figure 8.17 is a distinct 5-point extension structure that utilizes the 1.27 XA projection as the highest limit in the PRZ. The pattern should possess an Alternate 1.27 AB=CD pattern with a 1.618 BC projection that complements the PRZ.



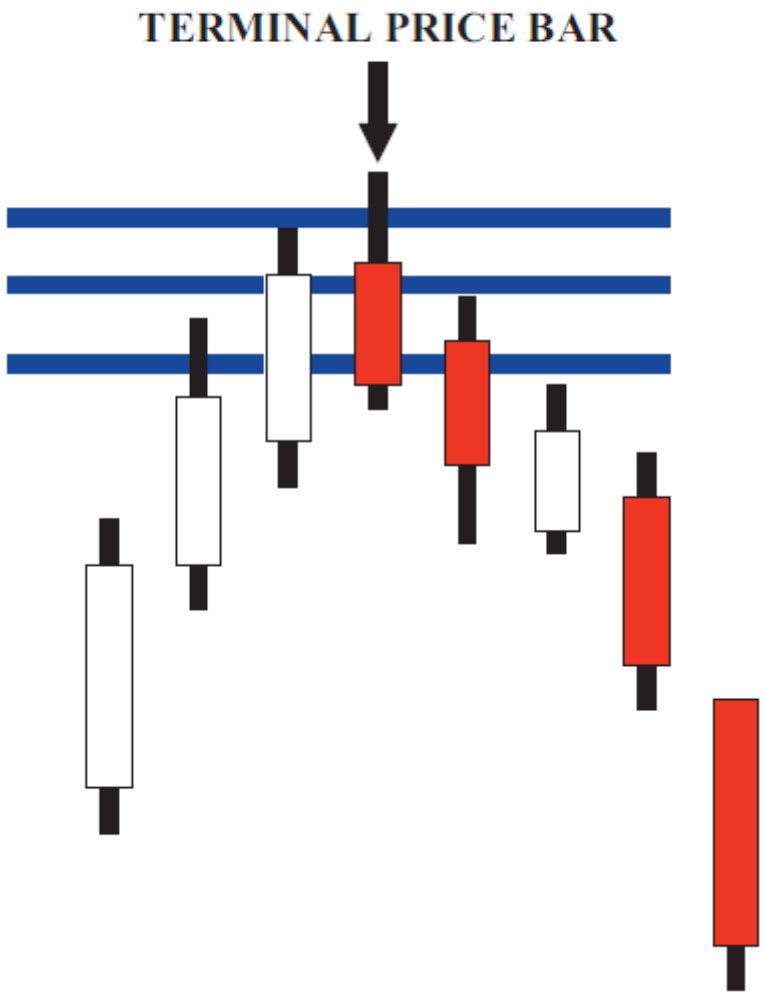
Ideal Bullish Reversal

In an ideal bullish reversal, the price action should reverse after the entire range is tested (see Figure 10.1). Although price action may seem strong as it declines into the Potential Reversal Zone, the critical determining point is the reaction of the predominant trend at the completion of the pattern. The Terminal Price Bar should stabilize after completing the test.



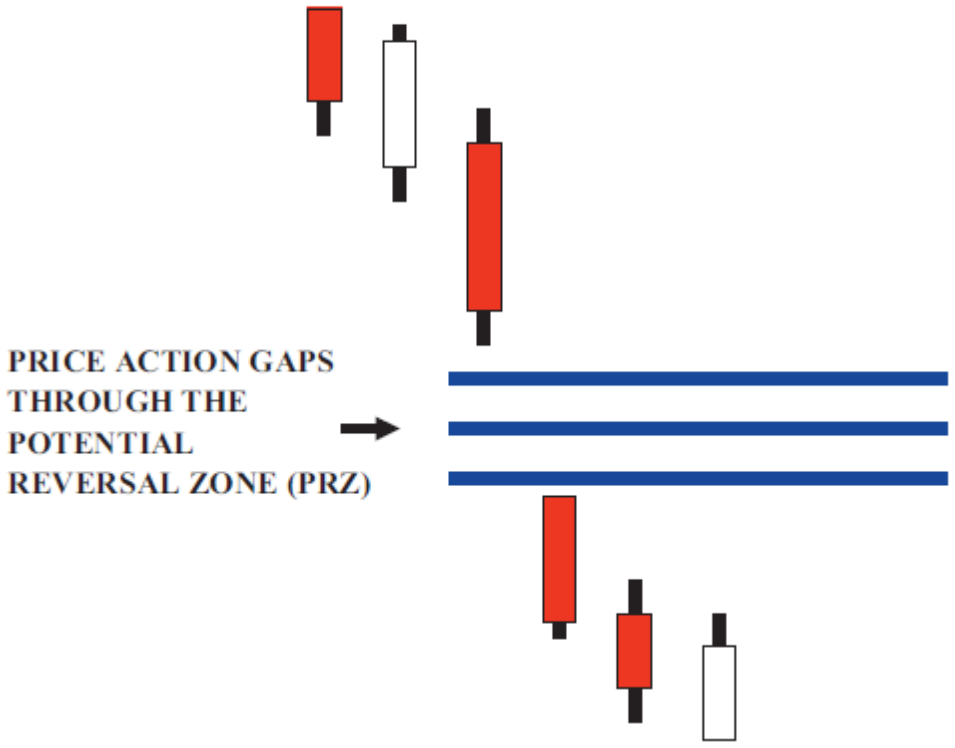
Ideal Bearish Reversal

In an ideal bearish reversal, the price action should reverse after the entire range is tested (see Figure 10.4). Although price action may seem strong as it rallies toward the Potential Reversal Zone, the critical determining point is the reaction of the predominant trend at the completion of the pattern.



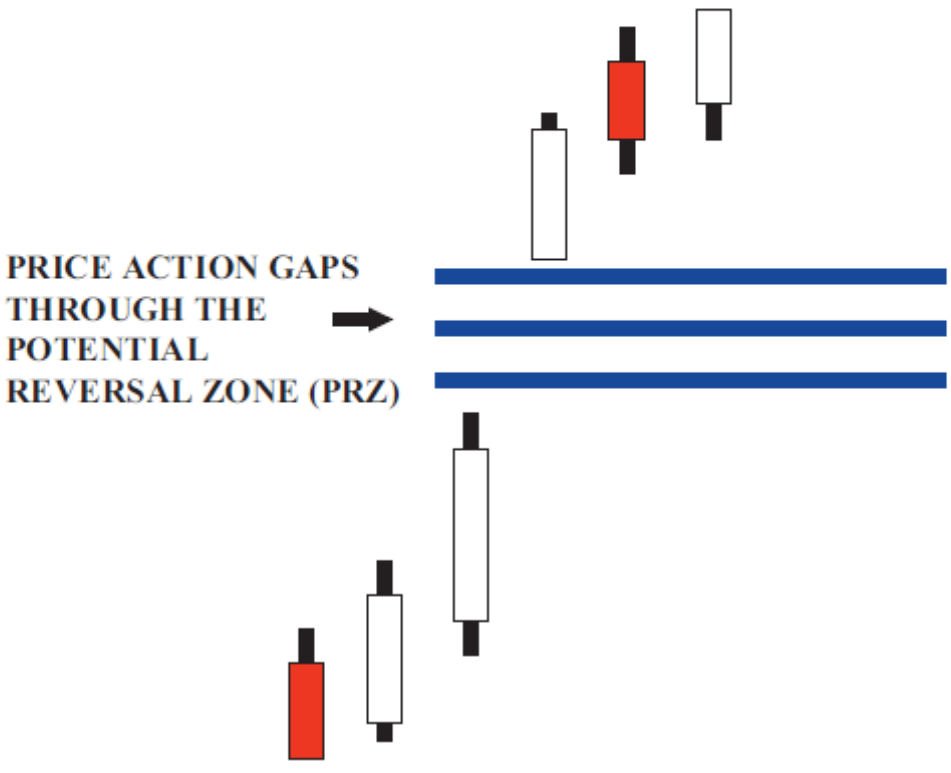
Price Gap Through a Bullish Potential Reversal Zone (PRZ)

As price action approaches the harmonic support defined by the PRZ, it typically will "bypass" the entire range of numbers on a price gap that invalidates the pattern. A price gap THROUGH the PRZ, as Figure 10.7 demonstrates, is quite different from a price gap INTO the PRZ. The obvious price gap-warning signal occurs when the price action trades completely past the PRZ, failing to test any other numbers.



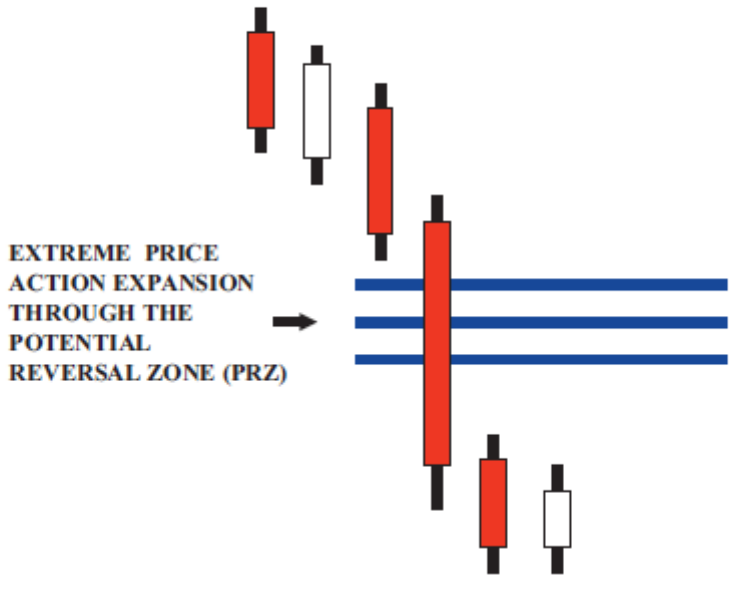
Blowout of Bearish Potential Reversal Zone (PRZ)

Bearish blowouts that gap through harmonic resistance zones commonly offer obvious warning signals, if the projected completion of the pattern is invalid (see Figure 10.10). In many instances, price gaps that blowout bearish PRZs can act as tremendous continuation signals to follow the predominant trend.



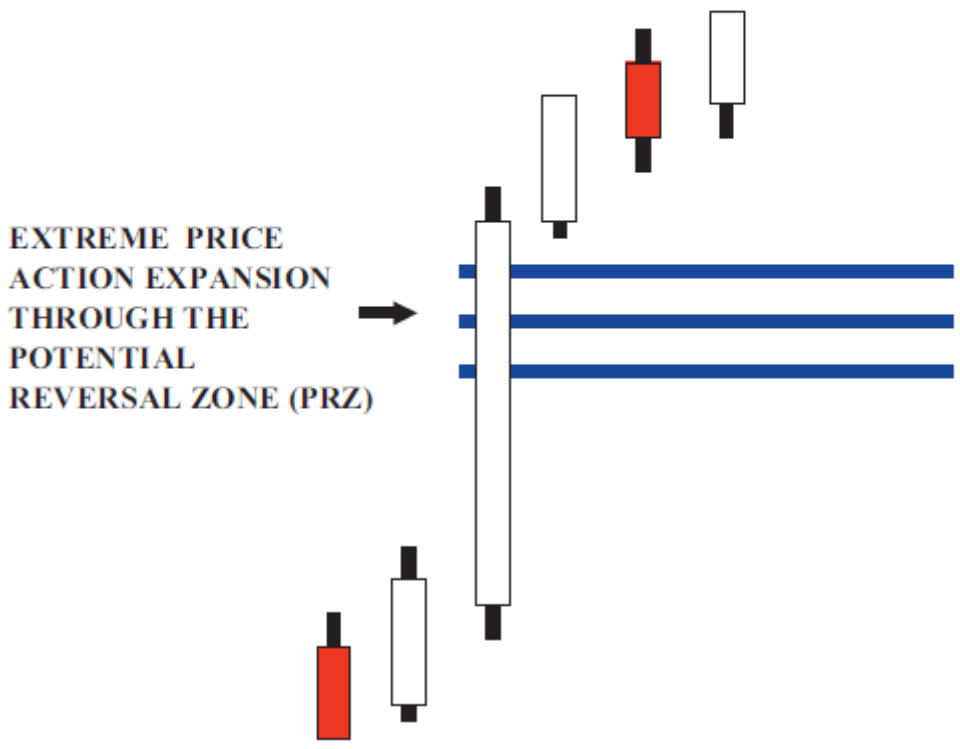
Extreme Price Expansion—Bullish Potential Reversal Zone (PRZ)

In an extreme price expansion through a bullish PRZ, the trading should clearly and decisively break down through the support zone on the initial test and continue lower in the predominant trend (see Figure 10.13).



Price Action Expansion—Bearish Potential Reversal Zone (PRZ)

Extreme price expansions that break out above bearish PRZs frequently signal a continuation of the predominant trend (see Figure 10.16). The price action should trade decisively through the resistance area and continue to rally following the violation.



Bullish Harmonic Trade Management Model

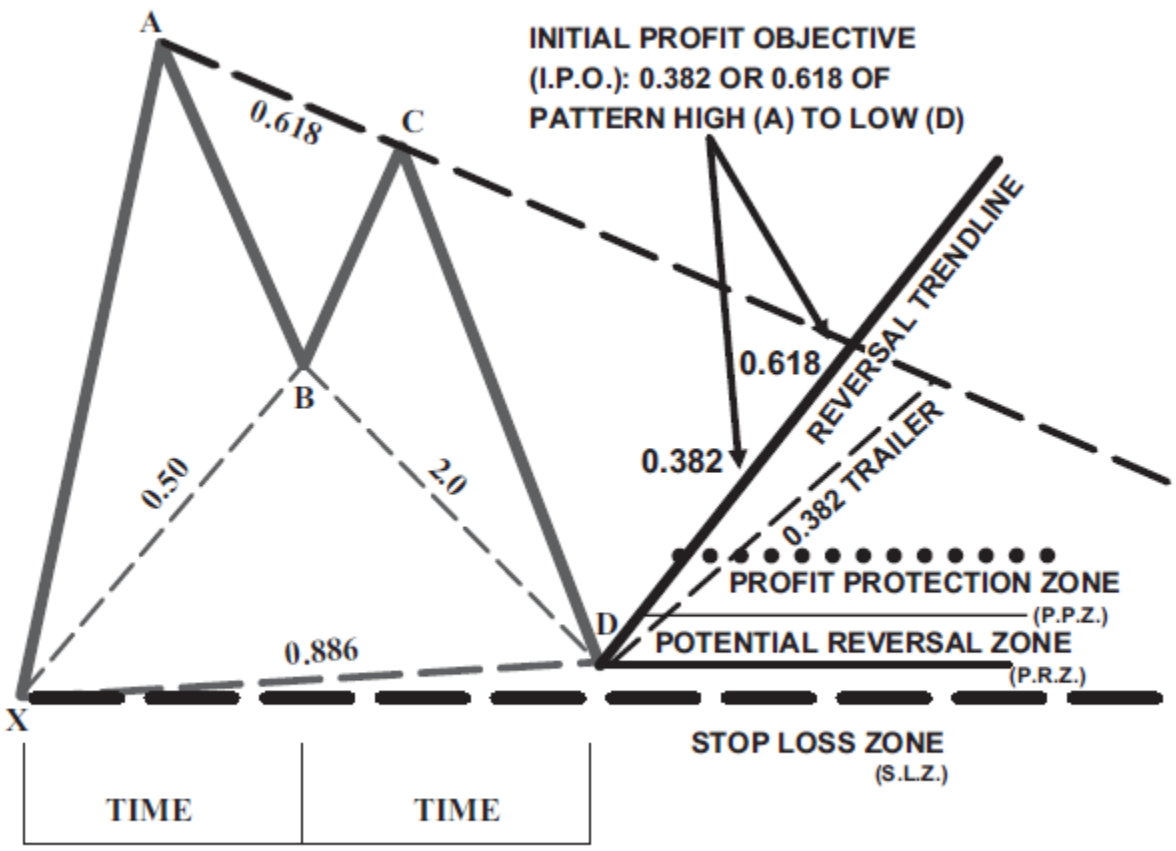
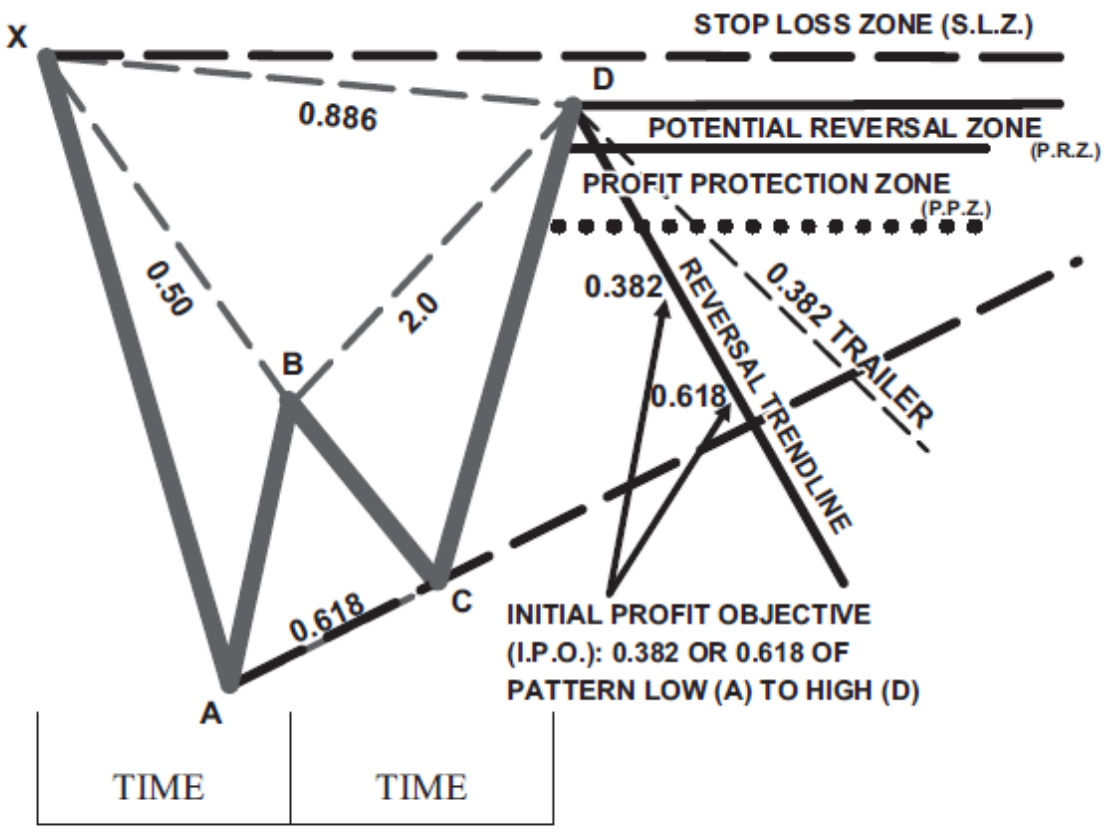


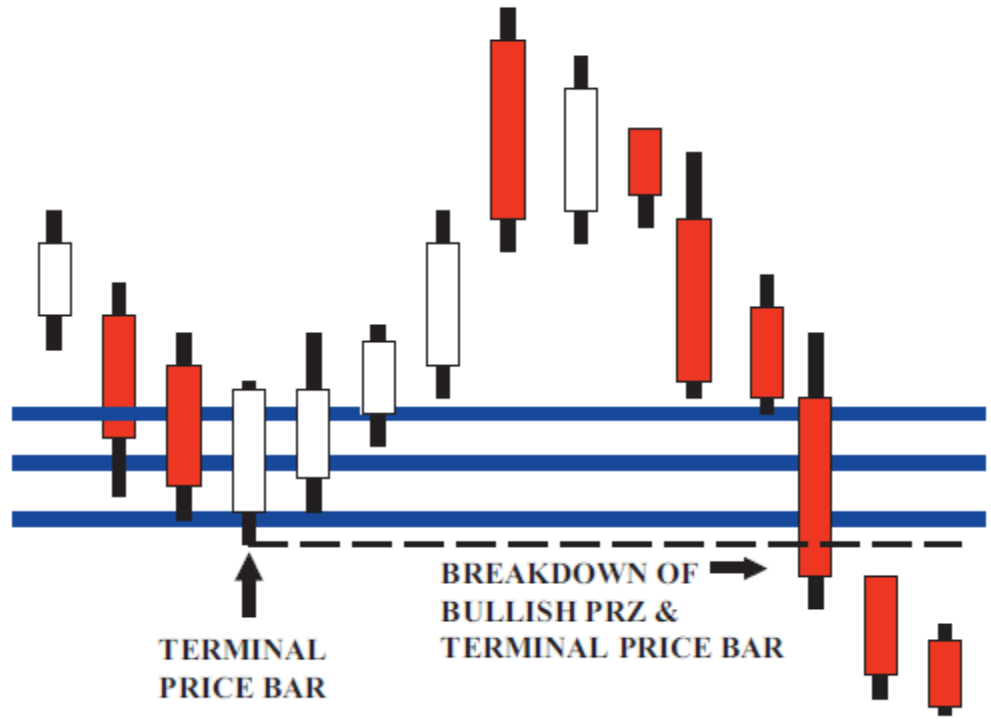
Figure 11.3 *(Copyright HarmonicTrader.com, LLC, 2010)*

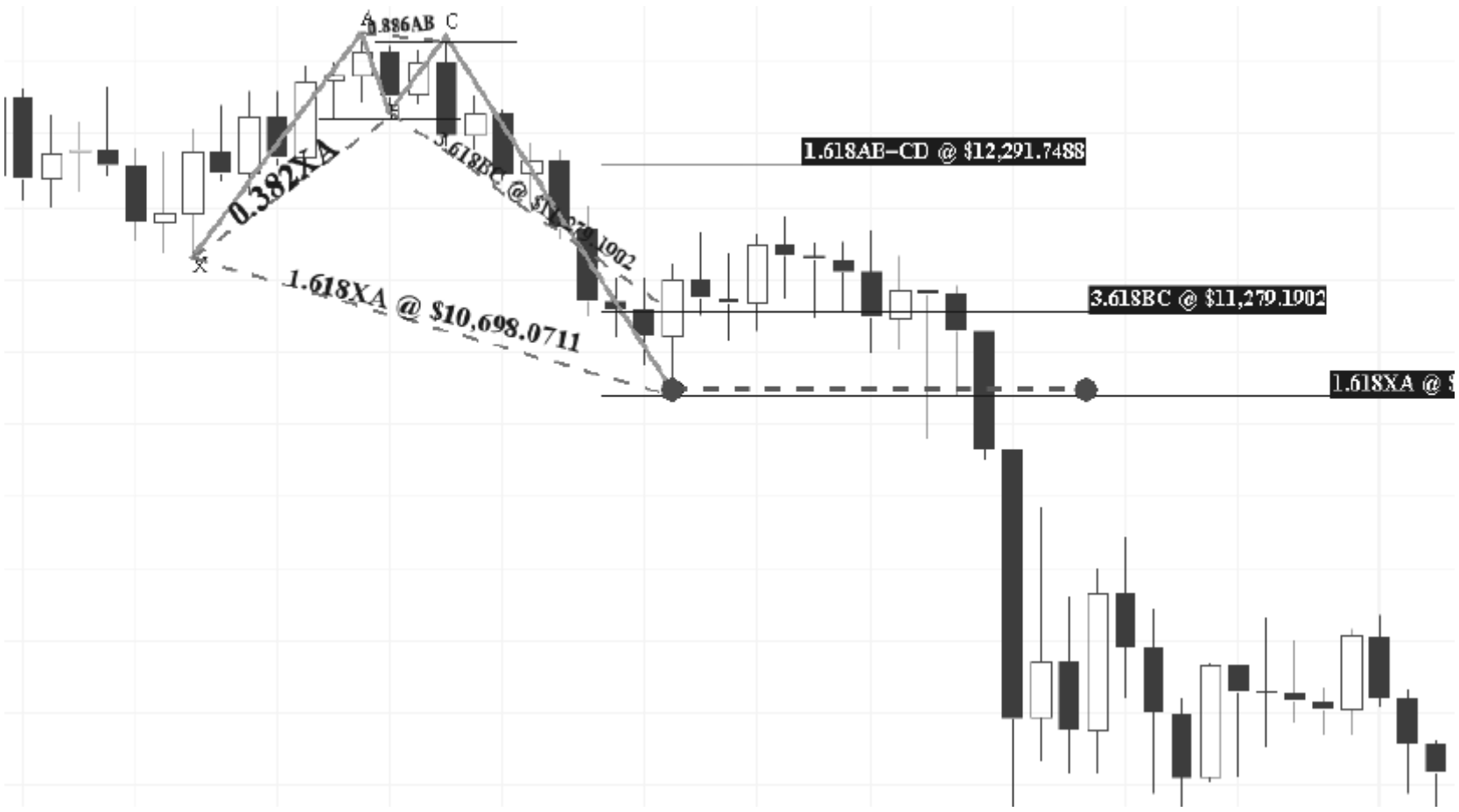


Bearish Harmonic Trade Management Model

Reversing a Failed Bullish Pattern

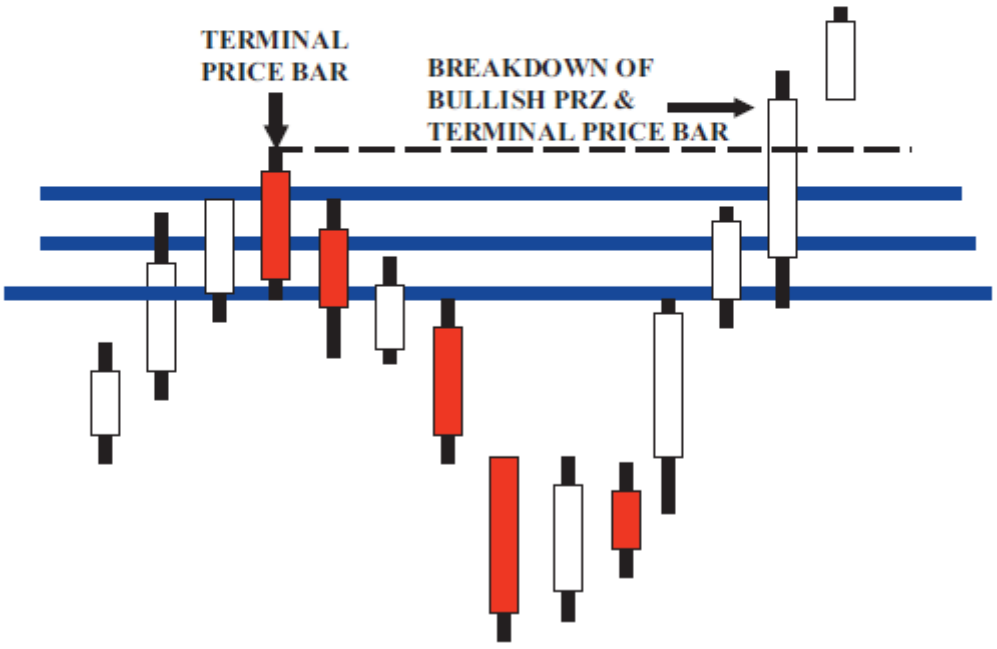
In a failed bullish setup, the price action typically will experience some initial reaction to the completion of the pattern but quickly roll over violating the Terminal Price Bar (see Figure 12.1). It is common for the setup to experience sharp price action on the initial test of the PRZ. The critical element in a failed bullish pattern is a quick trend line violation of the first reaction. This is especially evident when a reversal experiences an impulse reaction in one or two price bars, only to immediately roll over and fail to continue to the upside. Although this requires some skilled interpretation to ascertain impending failures, such factors as a violation of a prior price bar low or breakdown of a short-term trend line of the reversal frequently signal trouble.

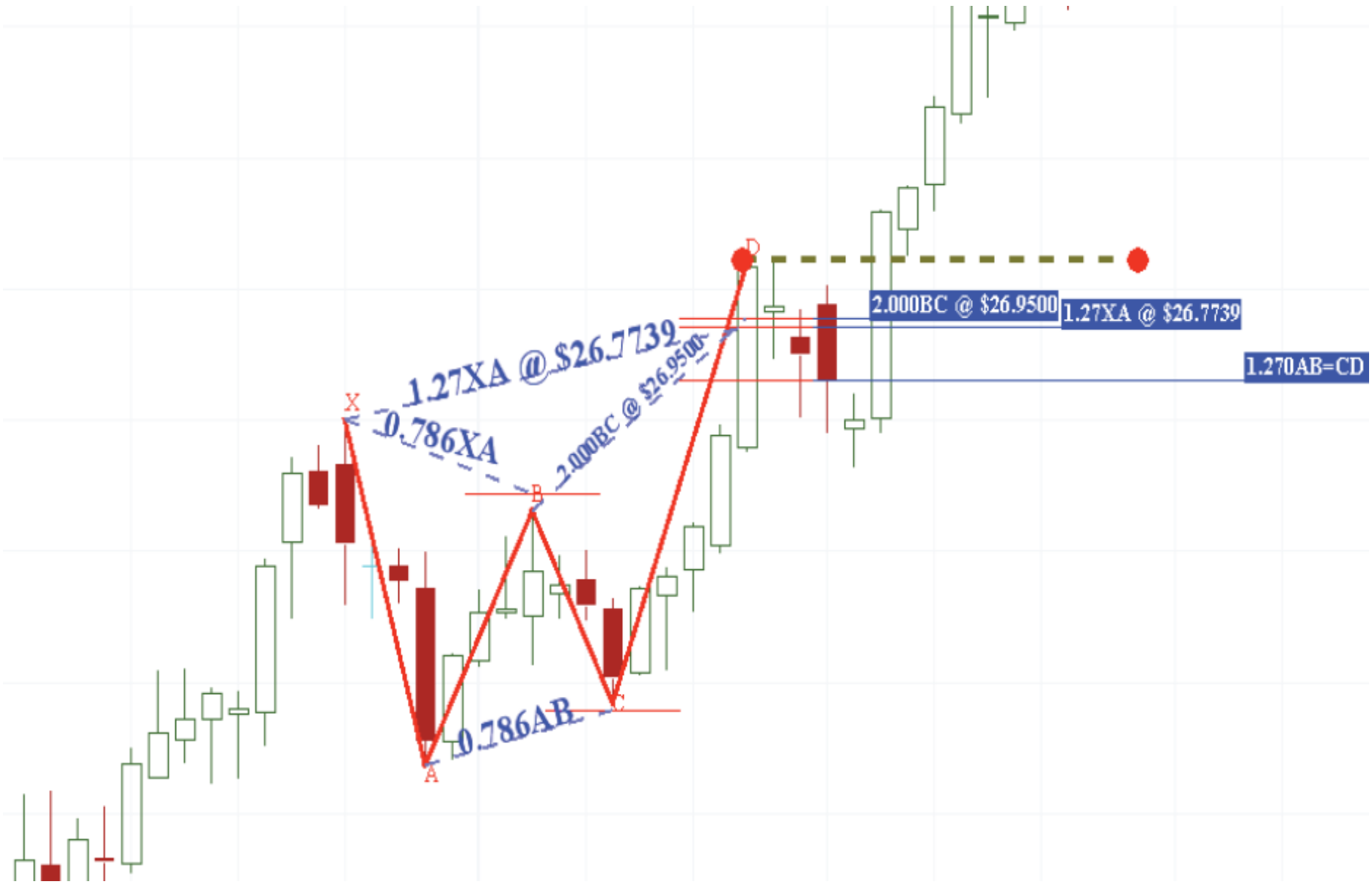


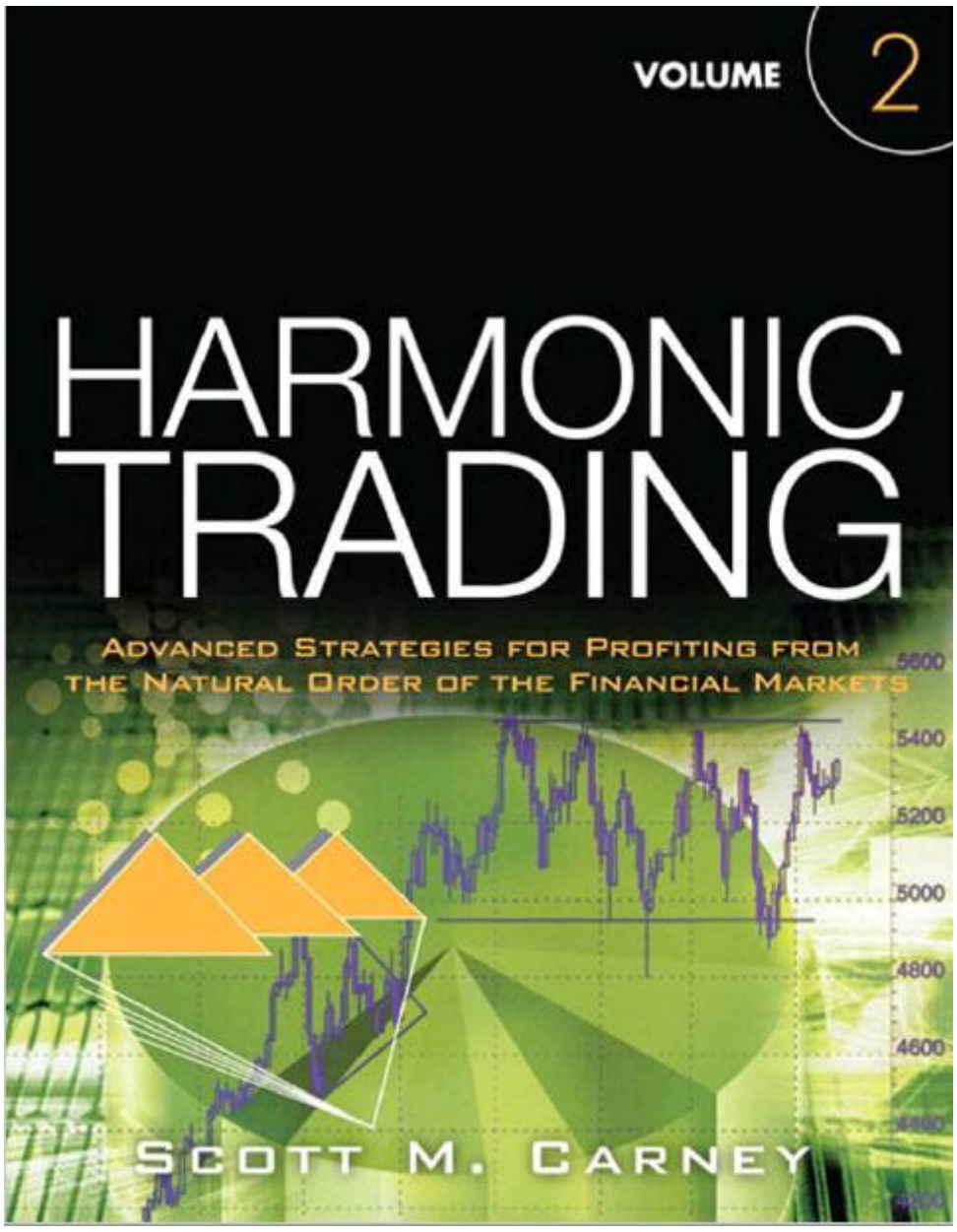


Reversing a Failed Bearish Pattern

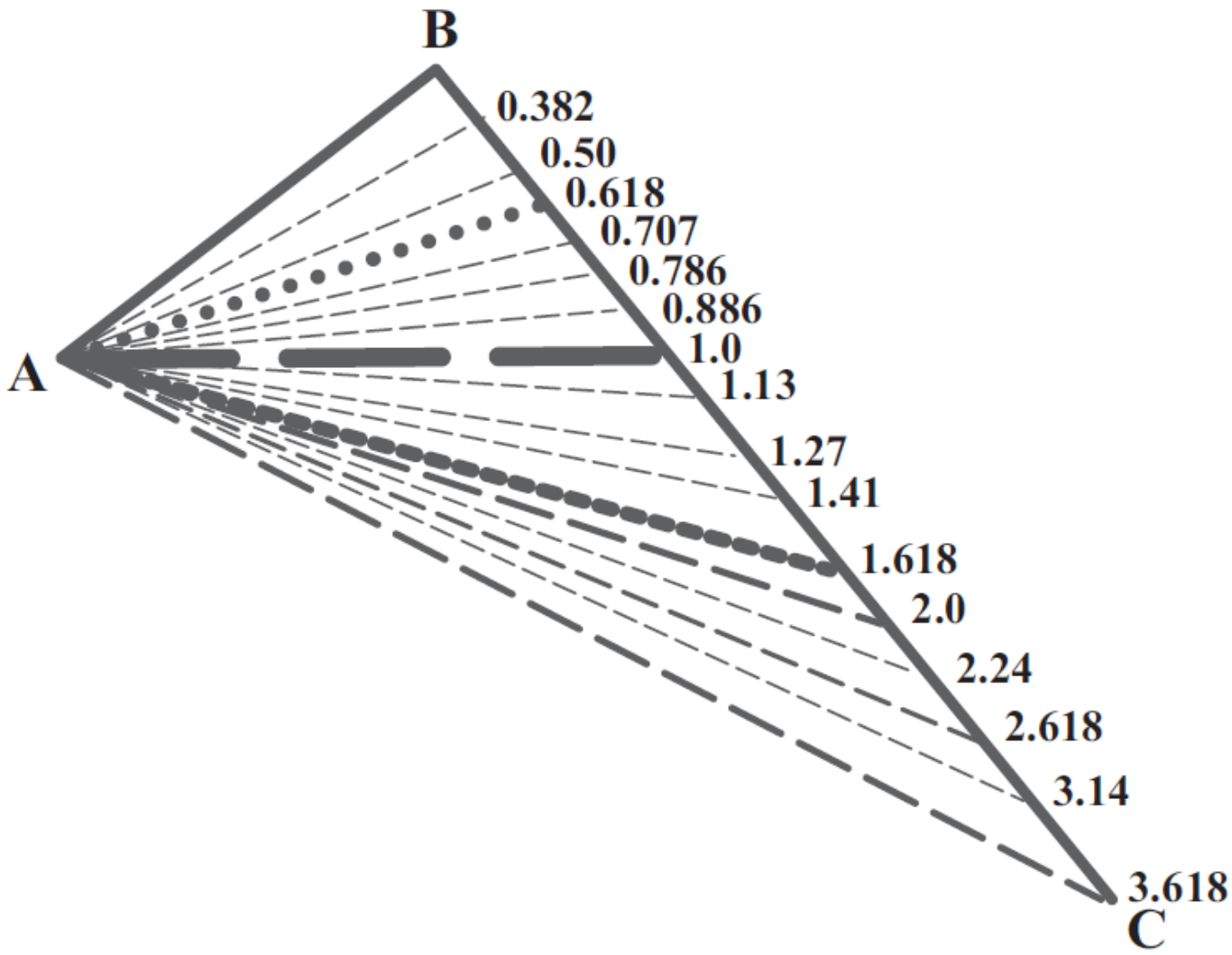
In a failed bearish setup, illustrated in Figure 12.6, the price action typically will experience some initial reaction to the completion of the pattern but quickly turn back up to retest the Potential Reversal Zone (PRZ), eventually violating the Terminal Price Bar. I like to refer to these situations as "harmonic breakouts," where price action rallies above distinct harmonic zones of well-defined patterns.



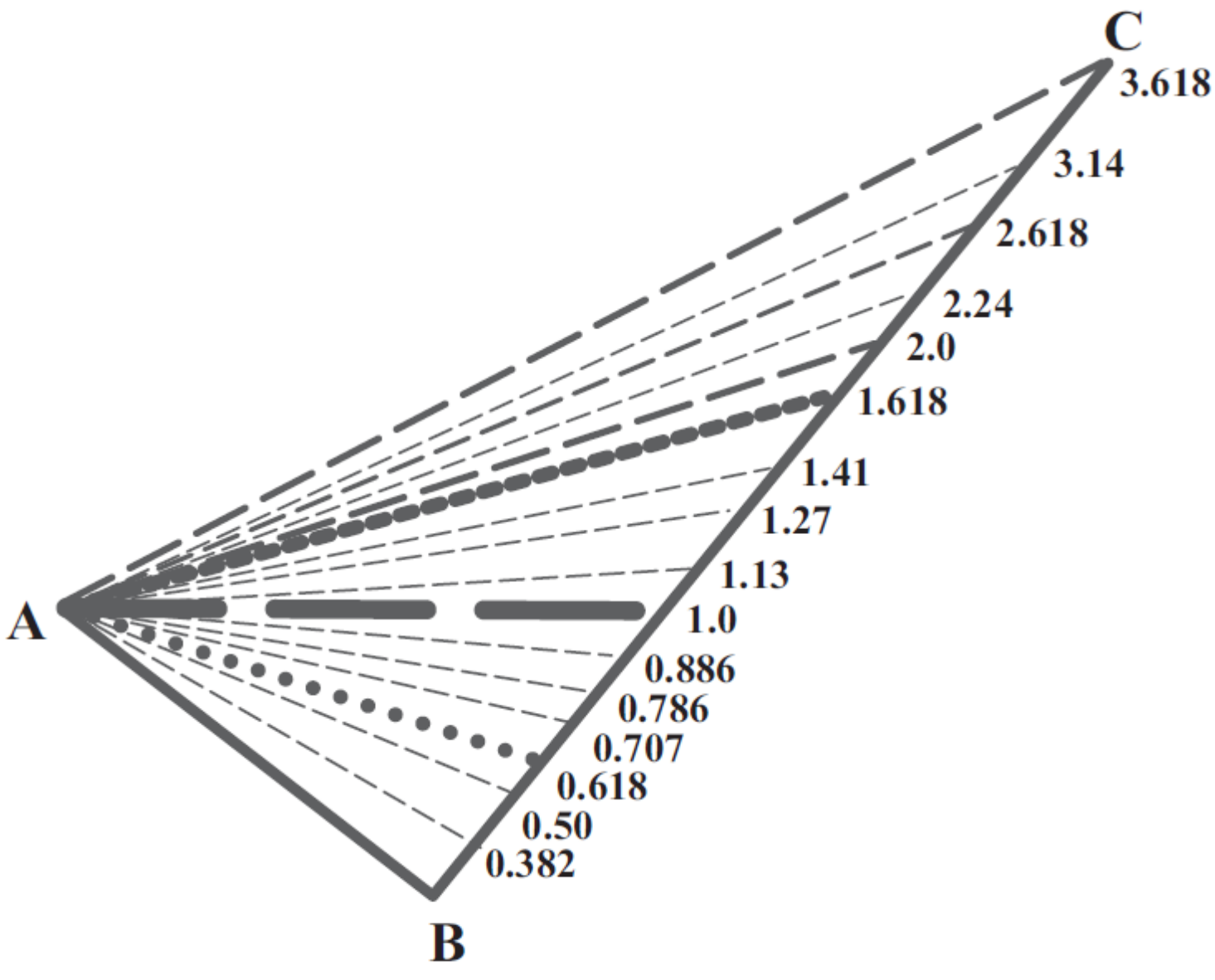




Bullish Harmonic Ratio Progression

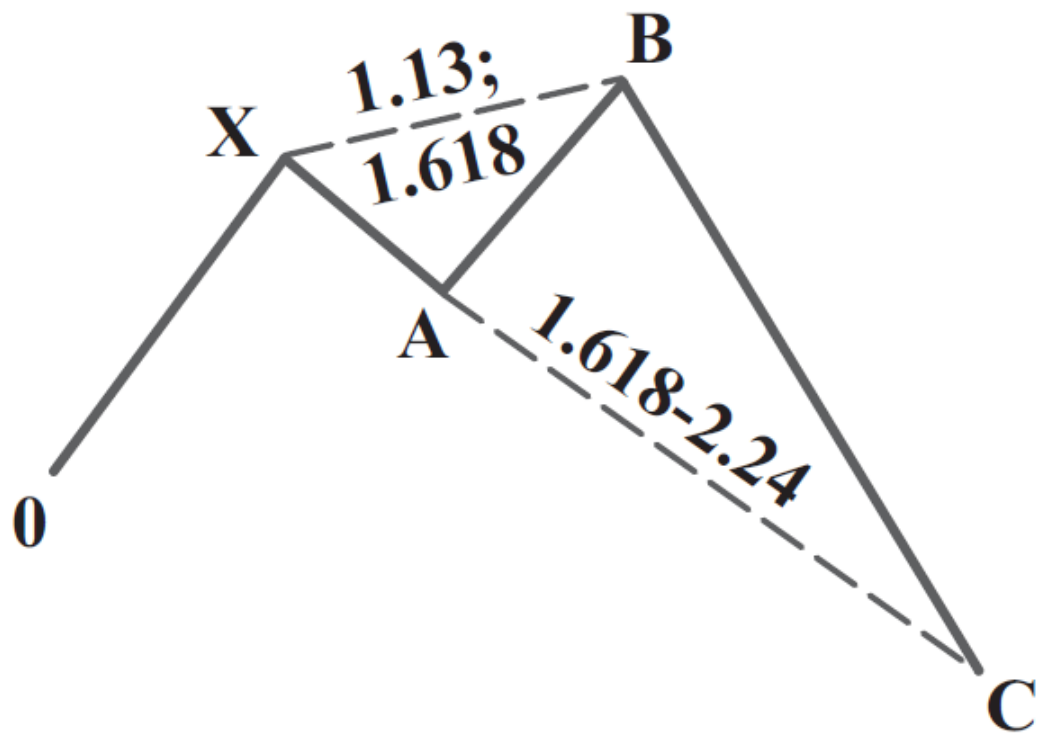


Bearish Harmonic Ratio Progression



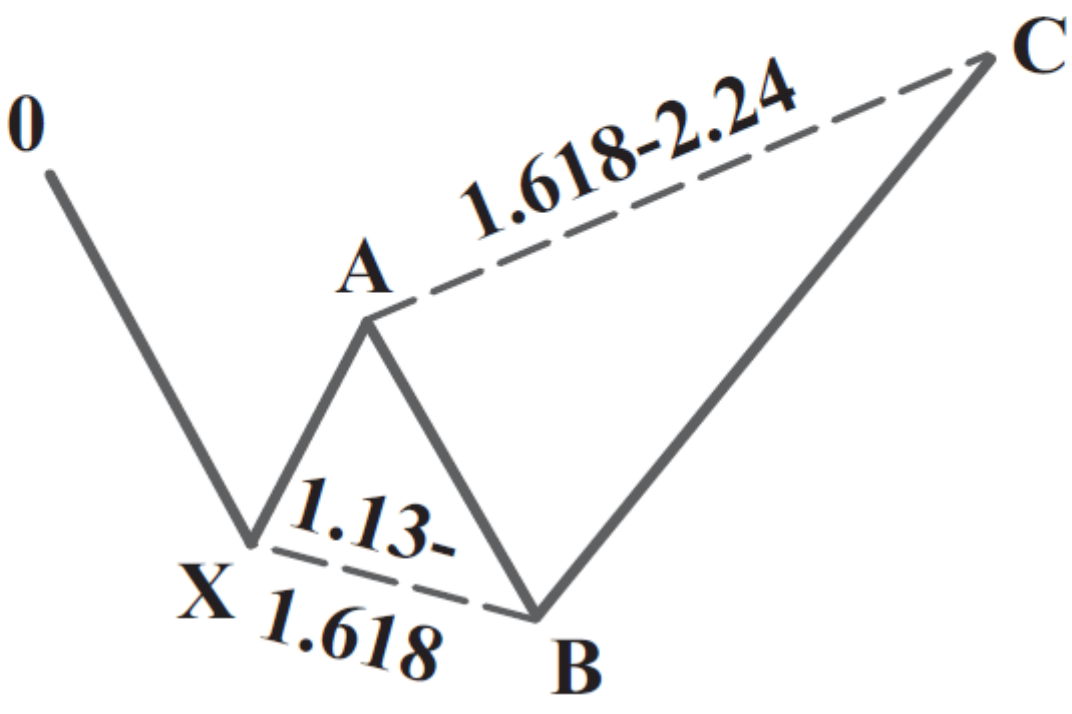
Extreme Bullish Harmonic Impulse Wave

The Bullish Harmonic Impulse Wave is a distinct structure that possesses several harmonic ratios. The structure typically can be the precursor to the 5-0 pattern, and it commonly forms as the down leg following a failed rally. In particular, the AB segment takes the shape of a failed harmonic impulse wave that can possess a range of ratios from a 1.13 extension to a 1.618 extension (see Figure 2.7).



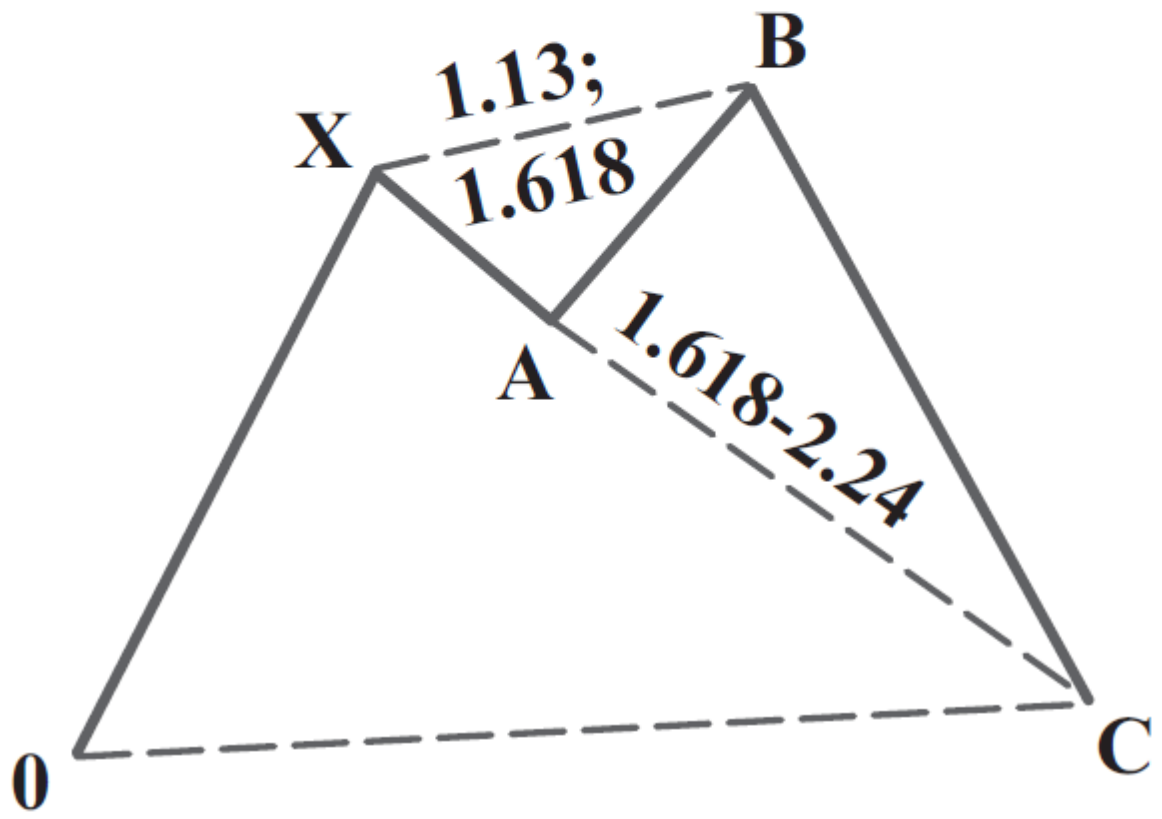
Extreme Bearish Harmonic Impulse Wave

The Extreme Bearish Harmonic Impulse Wave is a distinct structure that requires a few essential elements to validate the structure. After an extended decline (0-X), the price action typically experiences a brief consolidation that results in a nominal new low. This consolidation area (X, A, B) is followed by an extended rally to at least the 1.618 AB extension area, as illustrated in Figure 2.9.



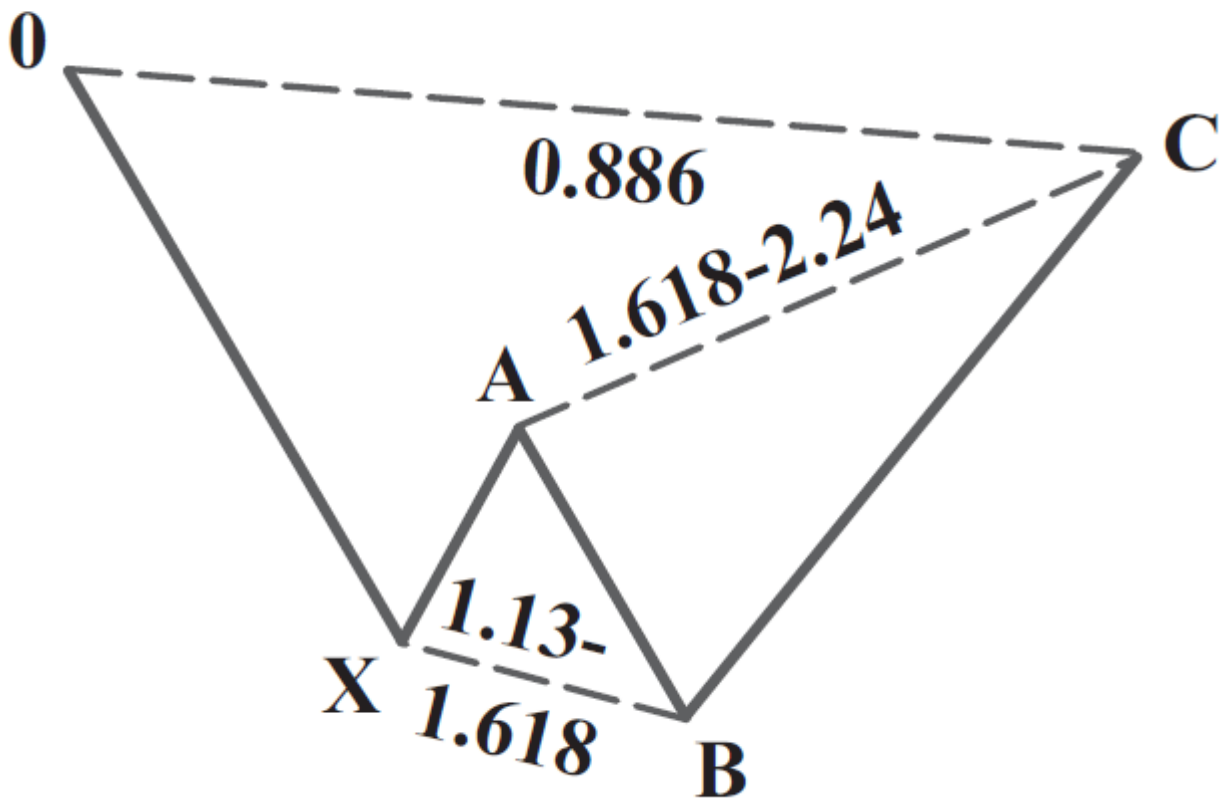
Extreme Bullish Harmonic Impulse Wave @ 0.886 Retracement

The Extreme Bullish Harmonic Impulse Wave at an 0.886 retracement, illustrated in Figure 2.11, is a special situation that combines two critical harmonic measurements to define the trade opportunity. The combination of the 0.886 support with the extreme impulse extension frequently provides a brief reversal in most cases. This initial reaction provides many short-term trades at a minimum.



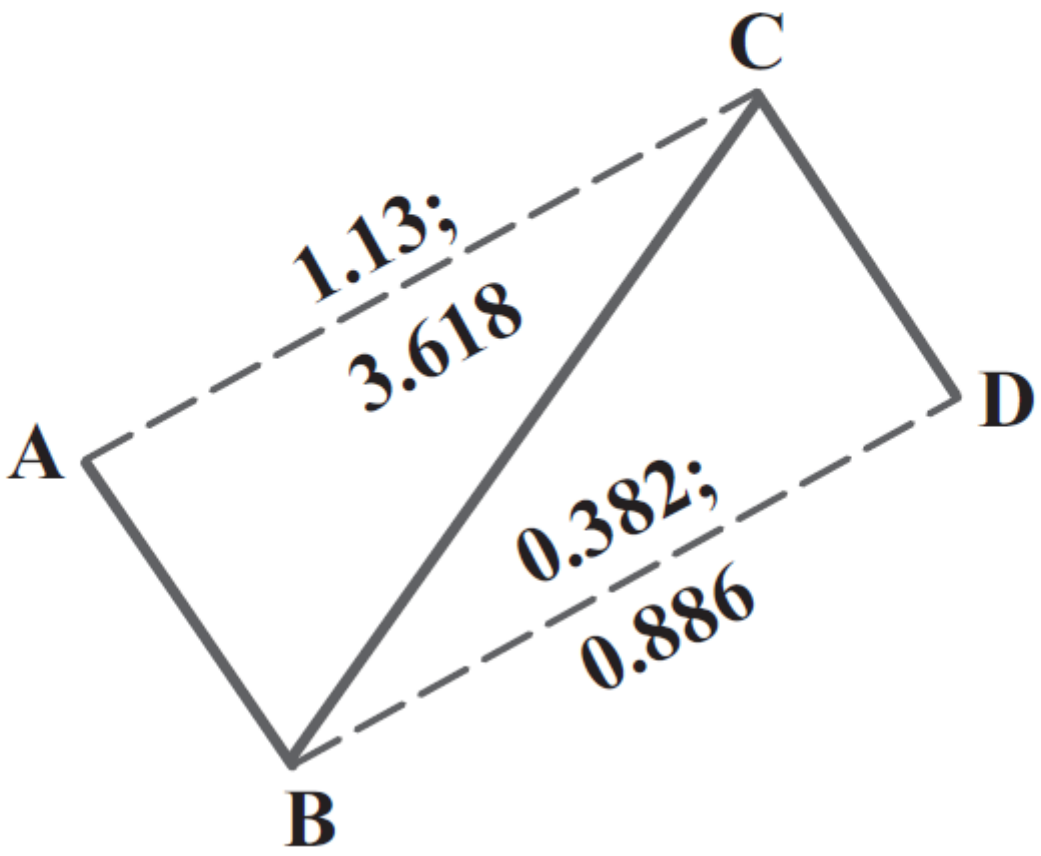
Bearish Harmonic Impulse Wave @ 0.886 Retracement

The Extreme Bearish Harmonic Impulse Wave at an 0.886 retracement, illustrated in Figure 2.13, is a special situation that combines two critical harmonic measurements to define the trade opportunity. The combination of the 0.886 resistance with the extreme impulse extension frequently provides a tradeable, short-term opportunity at a minimum.



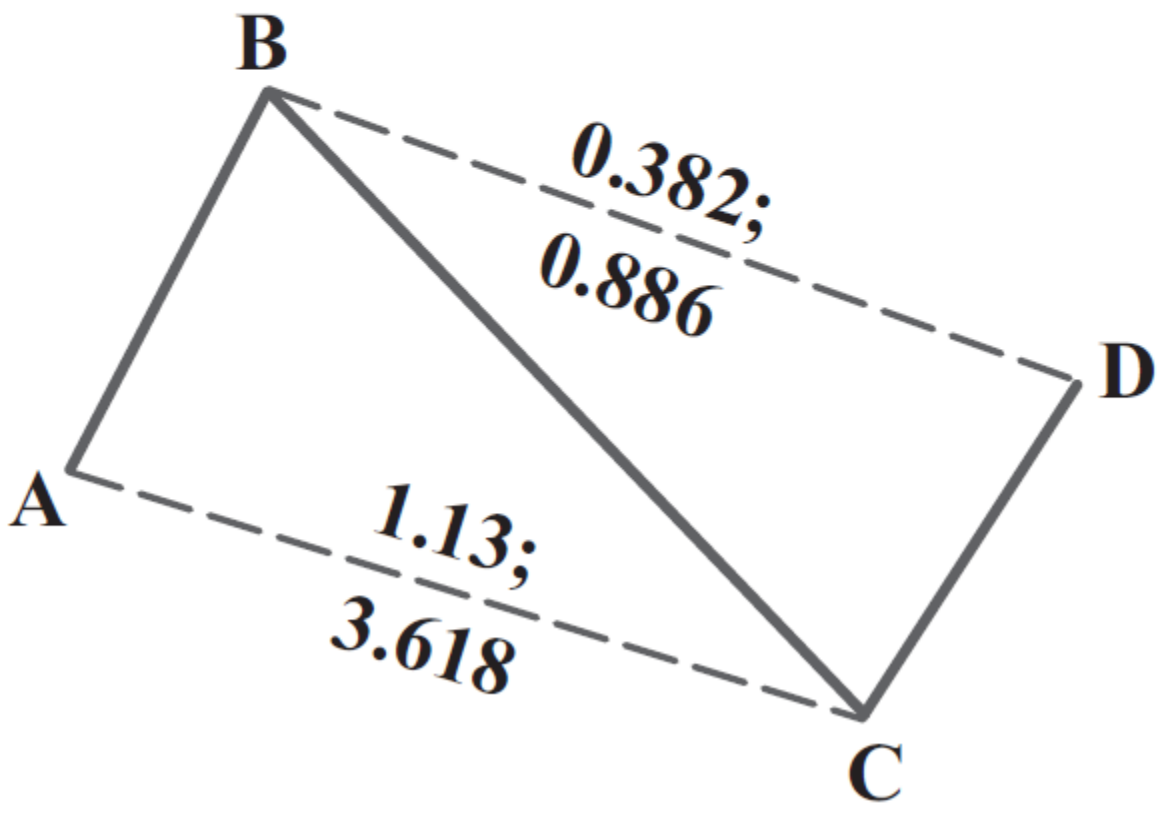
Bullish Reciprocal AB=CD

The Bullish Reciprocal AB=CD possesses price segments that are equivalent and typically form a structure that marks the continuation of the primary trend (see Figure 3.1). Although I will discuss Reciprocal AB=CD patterns within well-established bullish channels later in the book, the structure works best in these situations.



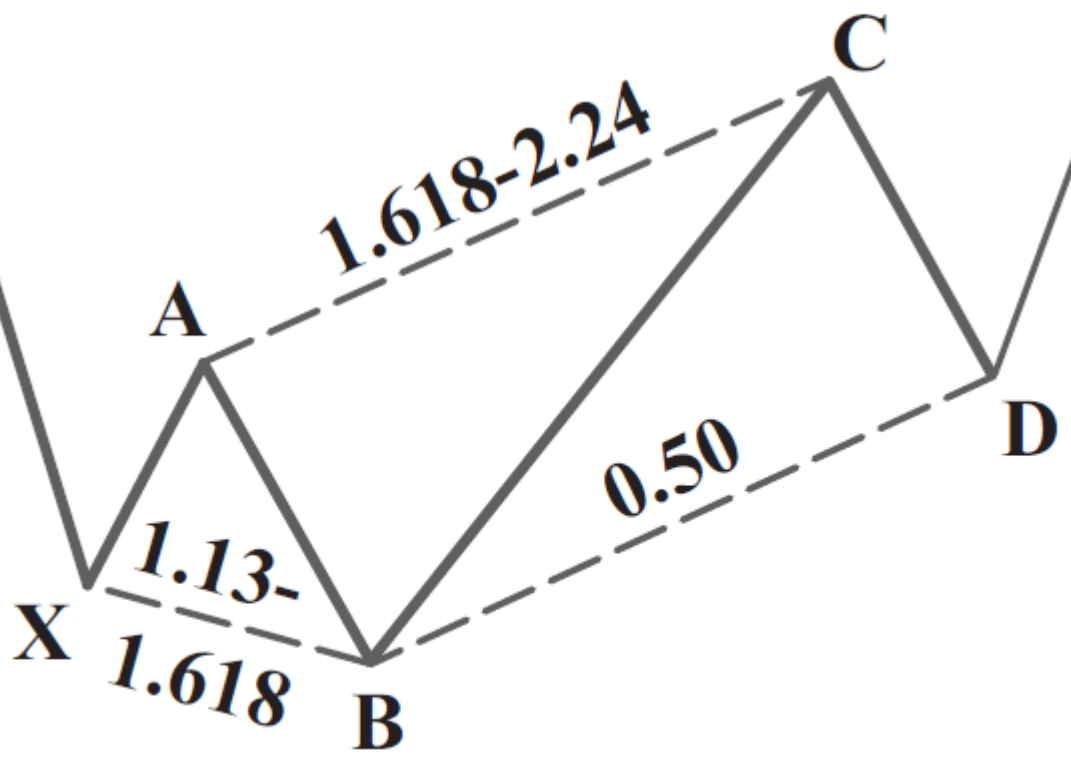
Bearish Reciprocal AB=CD

In the same manner as the bullish version, the Bearish Reciprocal AB=CD, illustrated in Figure 3.3, must possess a distinct structure. Again, the AB leg is typically the first corrective move within a new downtrend. Although the projected completion represents a general approximation of the continuation of the primary trend, the price action in this area will reverse shortly after testing the entire zone in the valid setups.



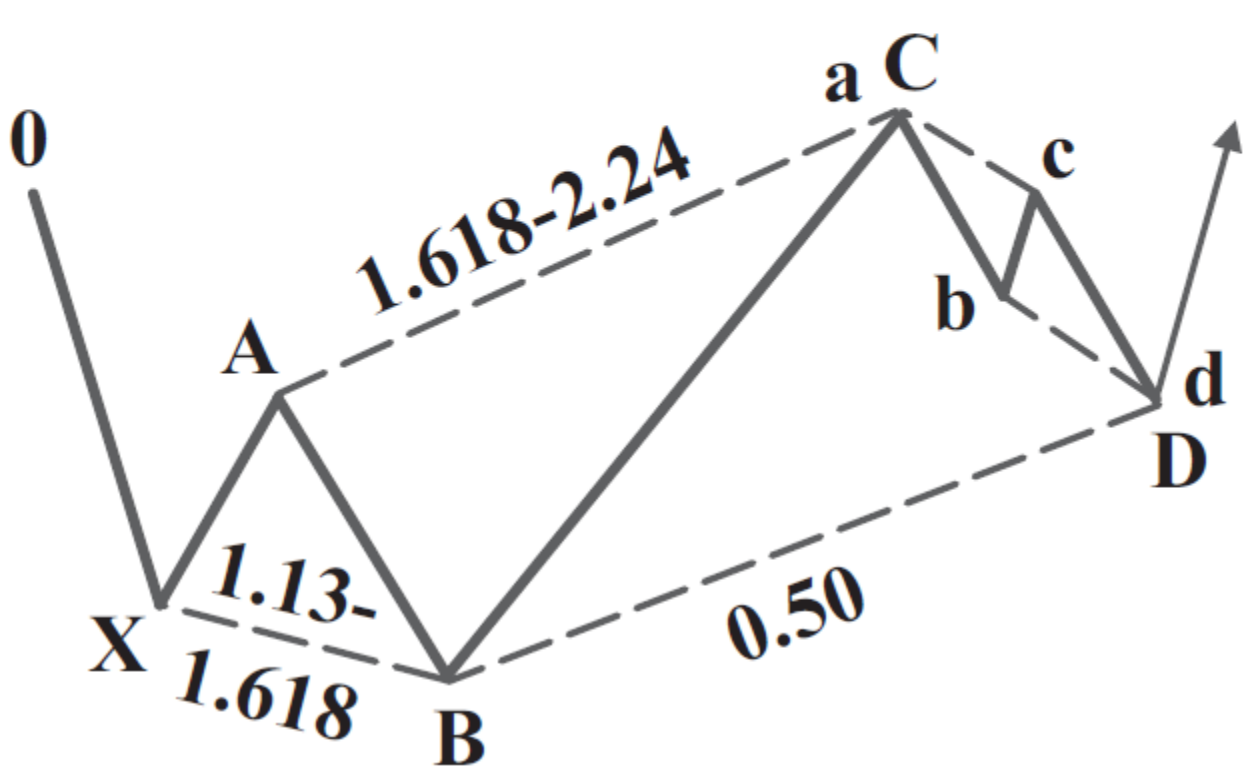
The Bullish 5-0 Pattern

The Bullish 5-0, illustrated in Figure 3.5, starts at the 0 point, representing an extended down leg to begin the pattern at X. The initial point (X) acts as the low of this prior substantial decline. After a quick reactive bounce to the A point, the structure abruptly continues the decline, only to find support slightly past the prior low at X. This is the failed wave 3 or wave 5—in Elliott Wave terms—that establishes the rest of the structure.



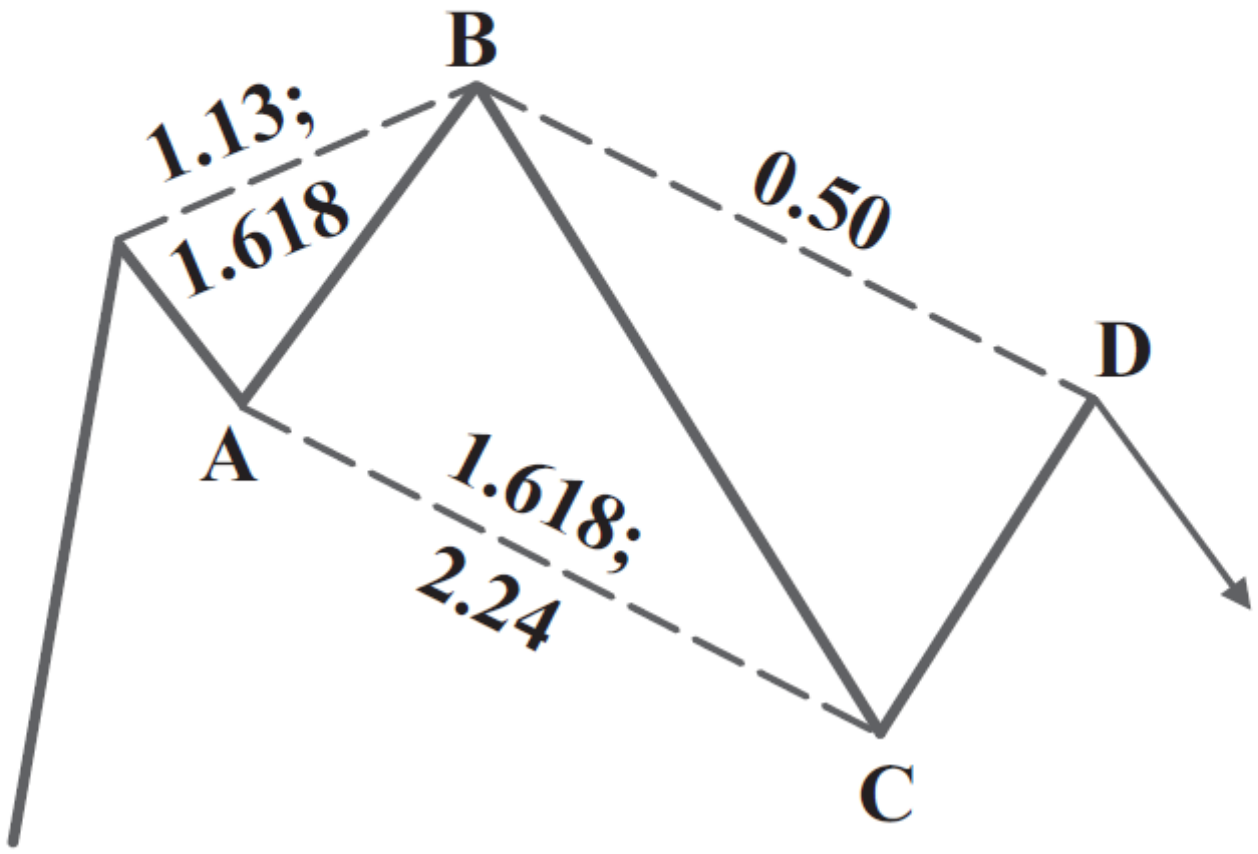
Bullish ab=cd within CD Leg of 5-0 Pattern

Although the 5-0 pattern requires only two harmonic numbers to define the PRZ, there are many situations where a smaller ab=cd pattern will form in the CD leg of the Reciprocal AB=CD (see Figure 3.11). These are unique situations because the ab=cd is usually distinct, and their structures can be effective in complementing the other numbers of the 5-0 pattern.



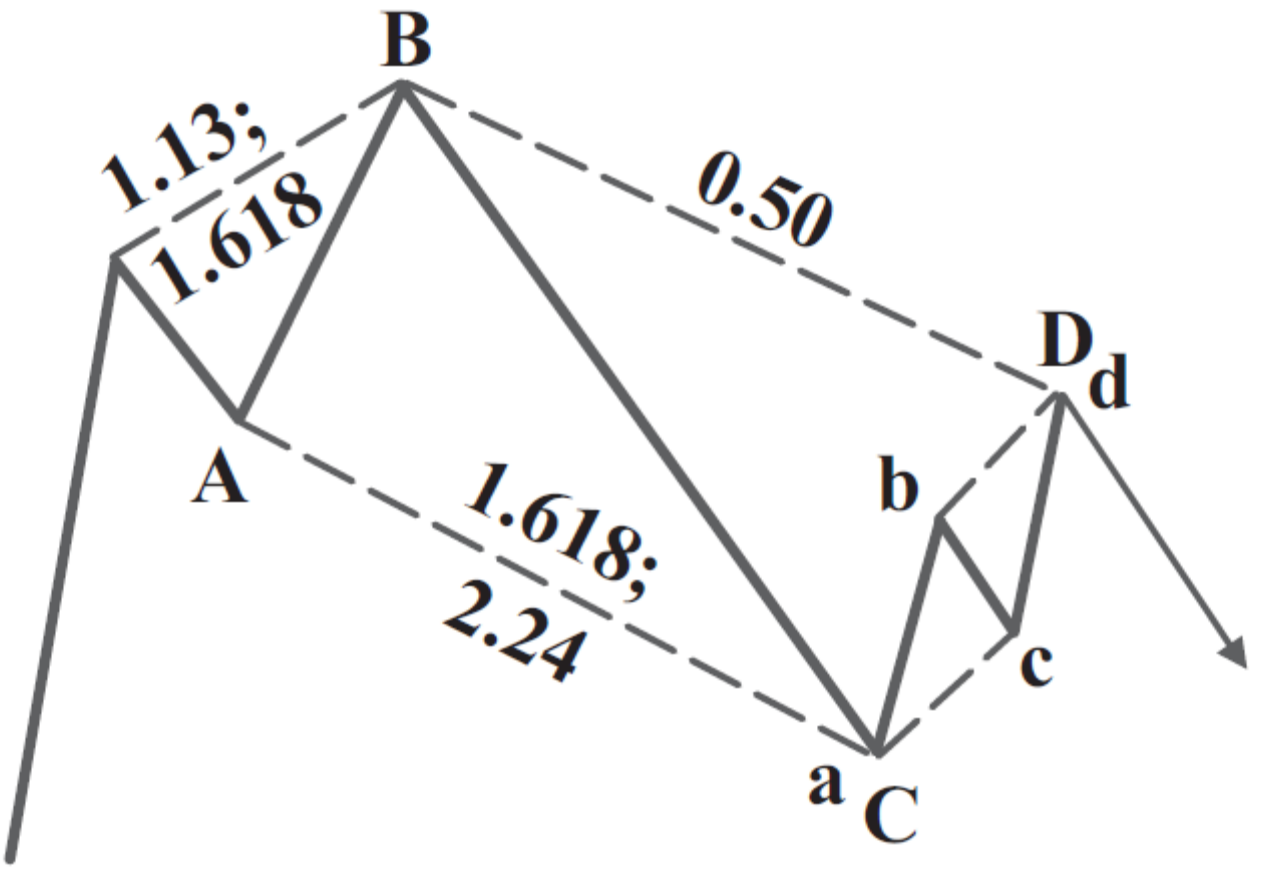
The Bearish 5-0 Pattern

The Bearish 5-0, illustrated in Figure 3.14, starts at the 0 point, representing the low of an extended rally up to the initial point of the pattern at X. The initial point X sets up the failed breakout area, where the rally from the A point to the B peak, nominally takes out the prior high at X. Again, this is the failed wave 3 or wave 5—in Elliott Wave terms—that establishes the rest of the structure.



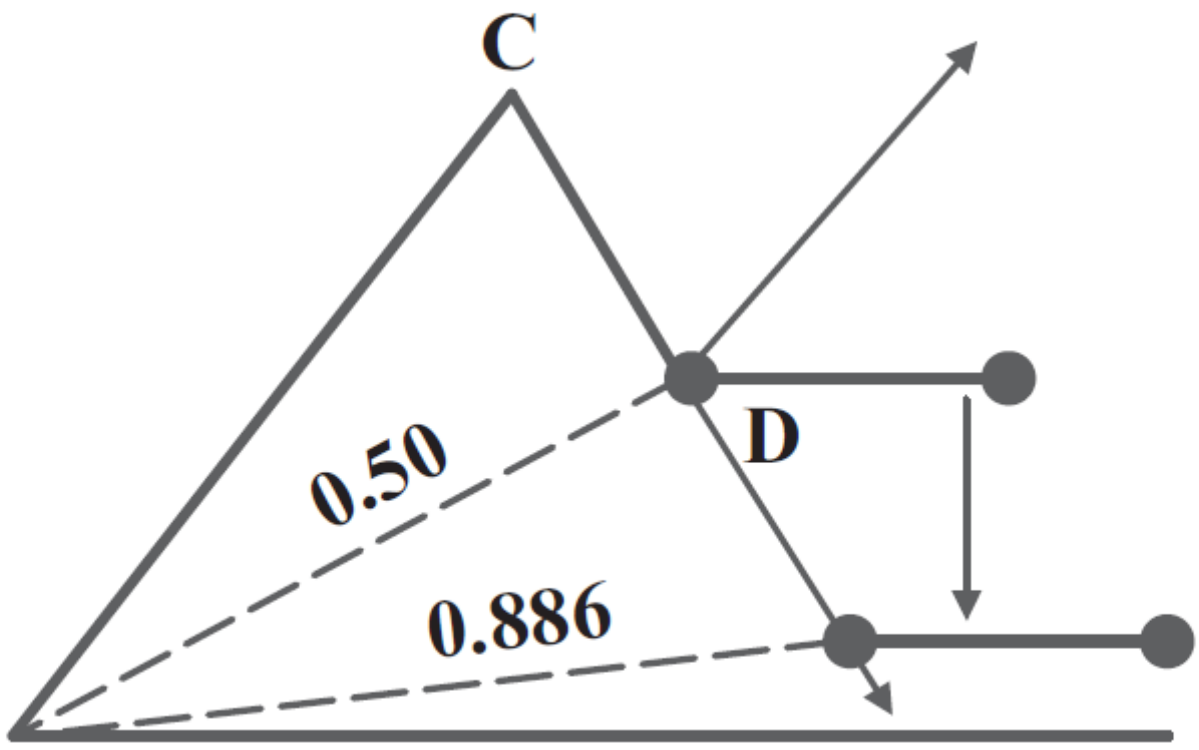
Bearish ab=cd within CD Leg of 5-0 Pattern

Although the 5-0 pattern requires only two harmonic numbers to define the PRZ, there are many situations where a smaller ab=cd pattern will form in the CD leg of the Reciprocal AB=CD (see Figure 3.20). These are unique situations because the ab=cd is usually distinct, and the structure can be effective in complementing the other numbers of the 5-0 pattern.



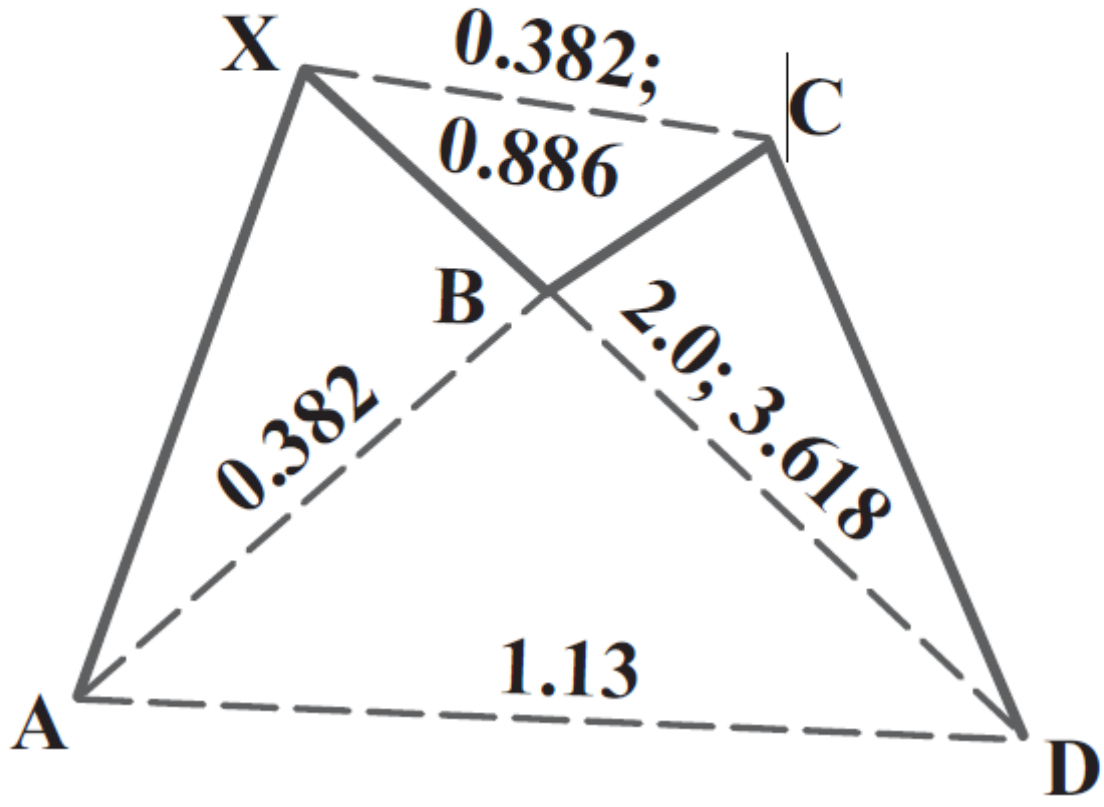
Bullish 5-0 Pattern Violations

Despite the failure of the pattern, these situations offer a specific opportunity to execute a trade that follows the predominant trend. In this case when the 5-0 pattern fails, the price action typically declines decidedly lower. In many cases, the breakdown in the price action usually declines to at least the relative 0.886 retracement beyond completion of the pattern. The illustration in Figure 3.23 shows the ideal PRZ of a 5-0 pattern.



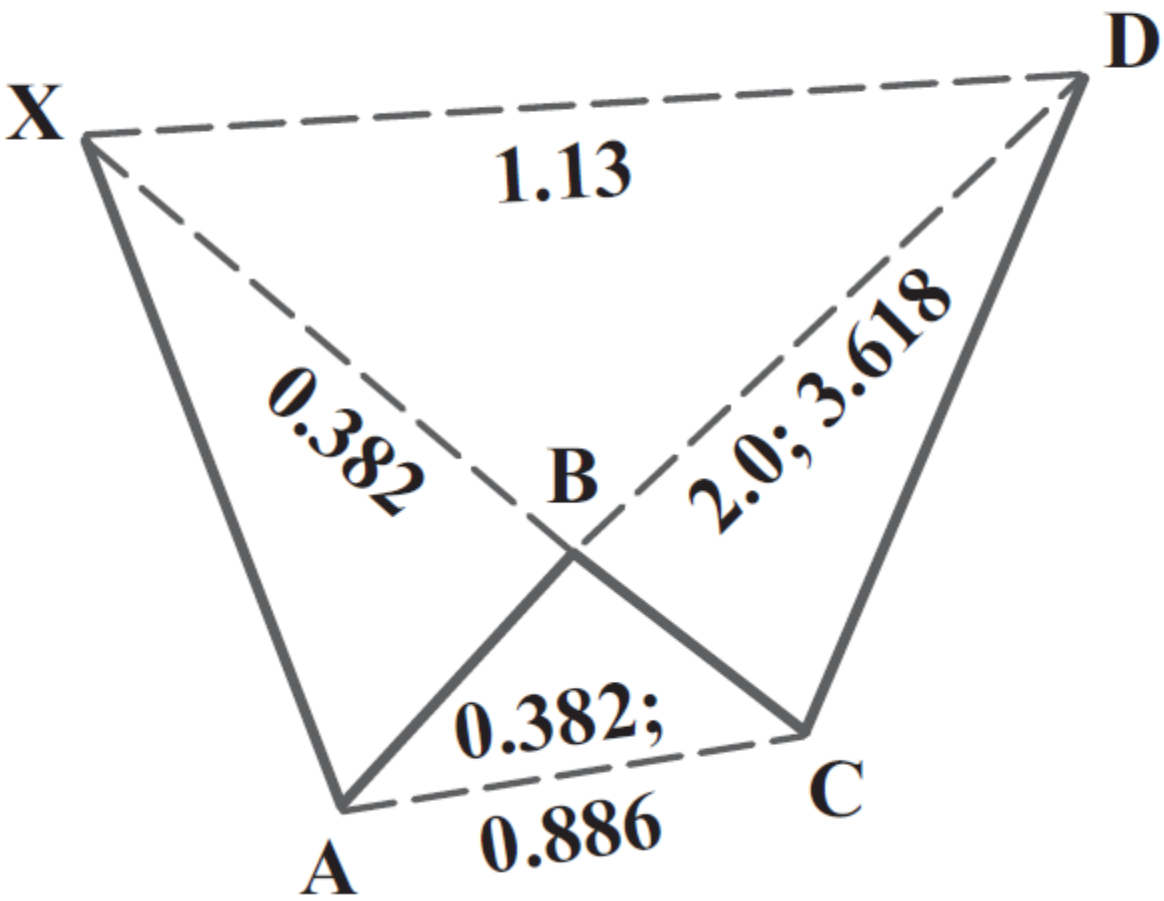
Alternate Bullish Bat Pattern

The Alternate Bullish Bat pattern, illustrated in Figure 3.28, is a specific M-type structure that utilizes a 1.13 XA extension, as the defining support level in the PRZ. The BC projection utilizes an extreme harmonic ratio that is at least a 2.0 extension but more frequently appears as a 2.618 or 3.14.



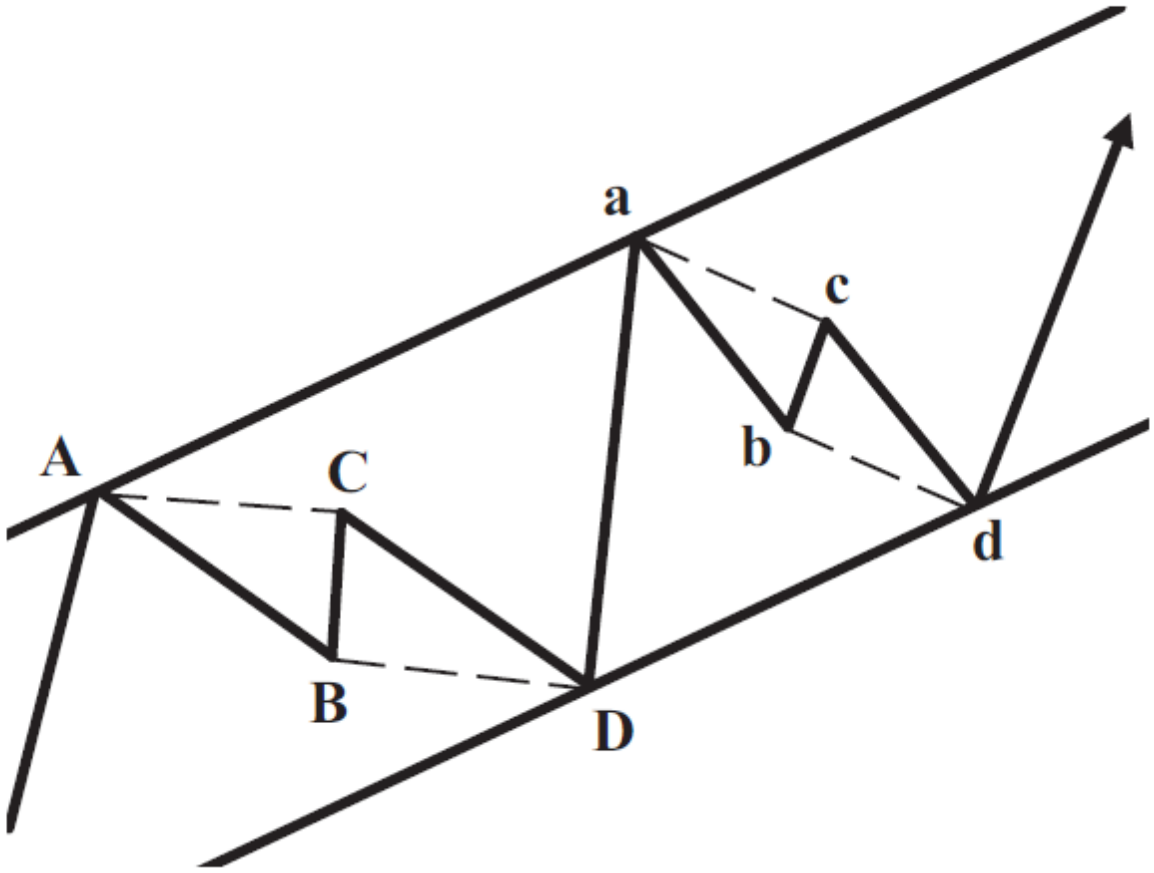
Alternate Bearish Bat Pattern

The Alternate Bearish Bat pattern, illustrated in Figure 3.31, is specific W-type structure that utilizes a 1.13 XA extension, as the defining resistance level in the PRZ. The BC projection utilizes an extreme harmonic ratio that is at least a 2.0 extension but more frequently appears as a 2.618 or 3.14.



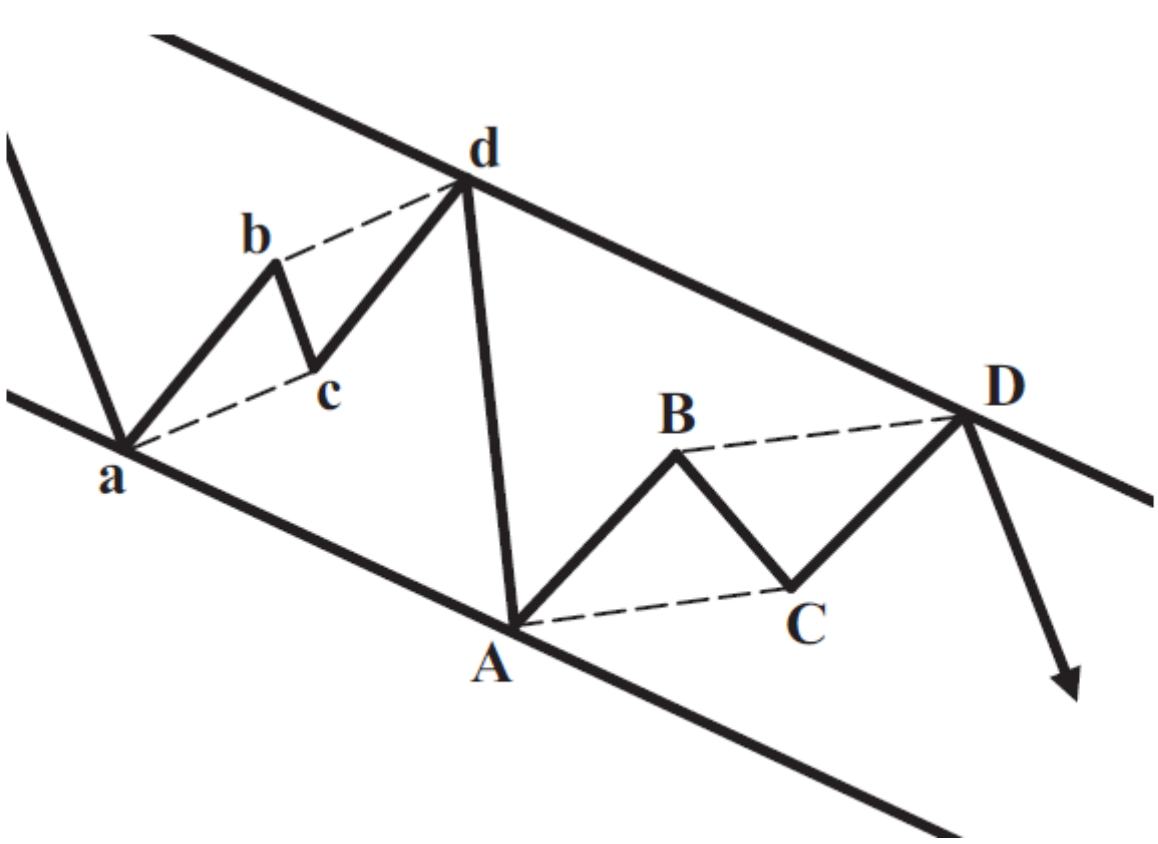
Bullish AB=CD Patterns as Continuation Signals within Established Trend Channels

Bullish AB=CD patterns frequently act as a significant continuation signal within the uptrend channel (see Figure 4.1). In combination with the rising trend line support, the pattern's completion serves as a minimum requirement from a harmonic perspective to trigger a long position within the context of the channel.



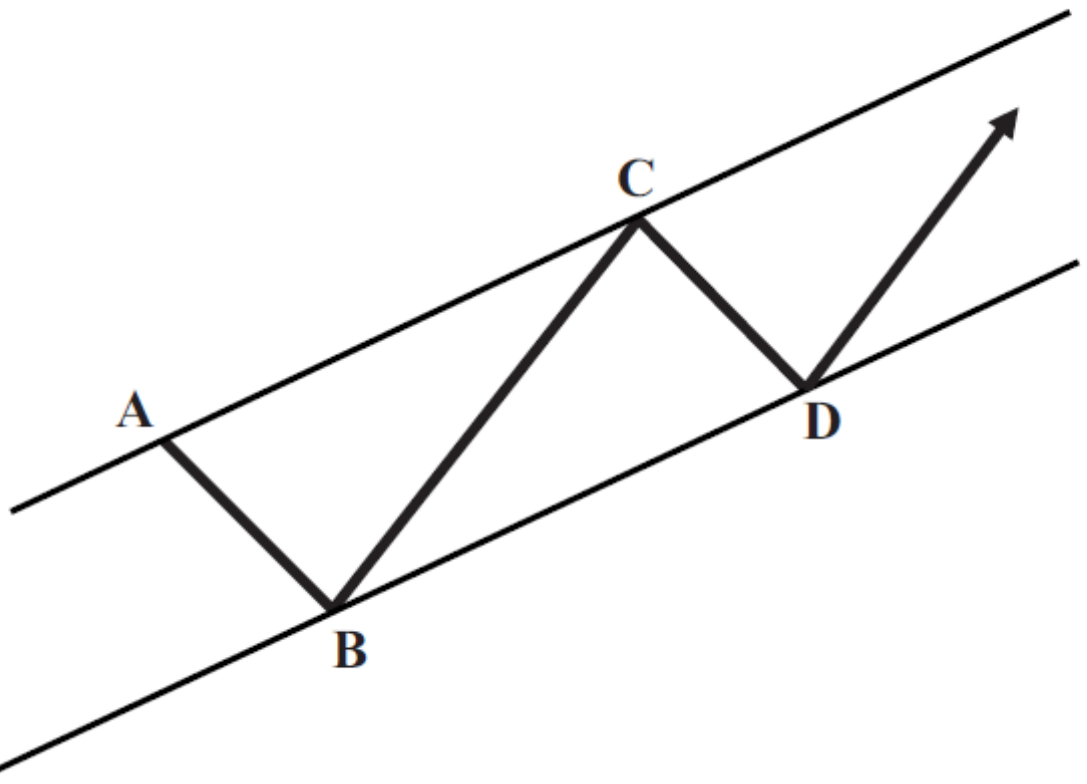
Bearish AB=CD Patterns within Trend Channels

Bearish AB=CD patterns frequently act as effective continuation signals within established downtrend channels, as illustrated in Figure 4.6. Also, Bearish AB=CD patterns in combination with the declining trend resistance serve as a minimum requirement from a Harmonic Trading perspective to trigger a short position within the context of the channel.



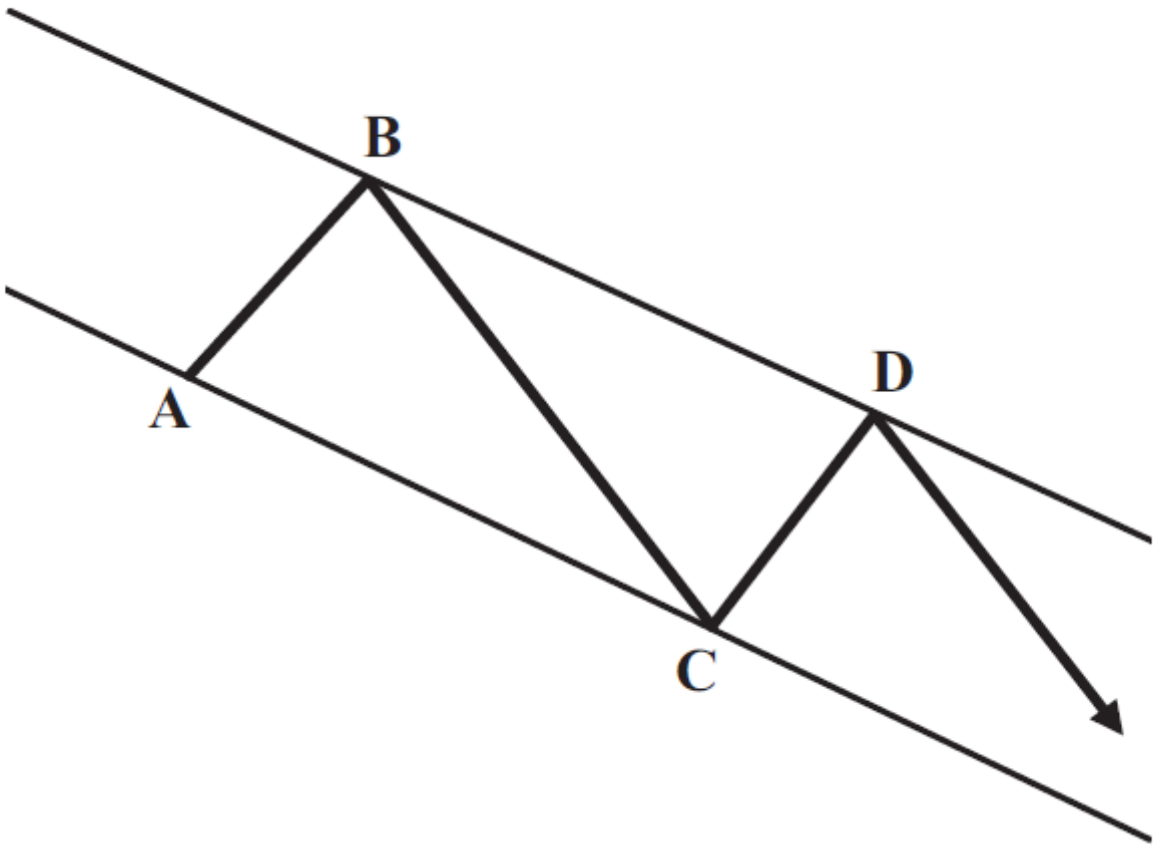
Bullish Reciprocal AB=CD Patterns within Trend Channels

Bullish Reciprocal AB=CD patterns are most effective when they are present within established uptrend channels. In fact, the AB leg often is the first corrective leg within a new bullish trend (see Figure 4.8).



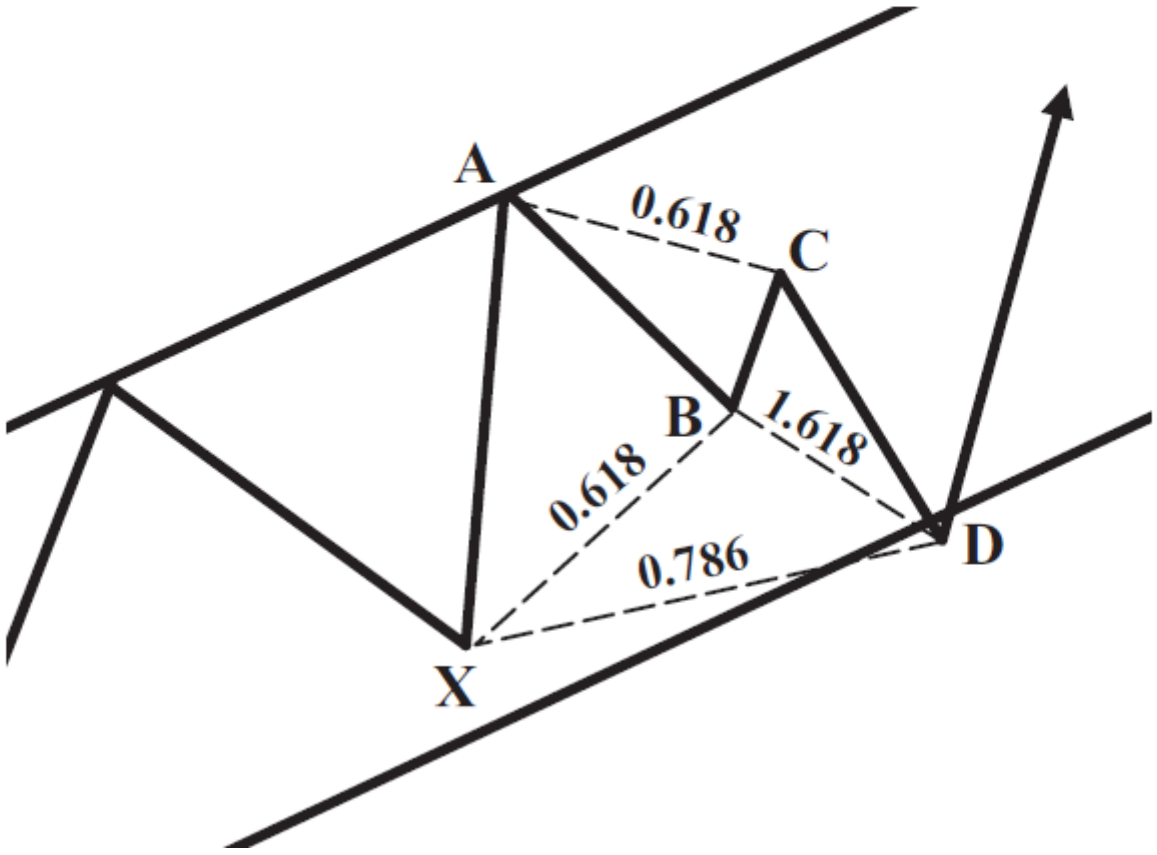
Bearish Reciprocal AB=CD Patterns within Trend Channels

In much the same manner as the bullish version, Bearish Reciprocal AB=CD patterns within established trend channels provide excellent approximation points of corrective moves (see Figure 4.10). When such repeated corrective price action manifests itself, the estimated measurement technique is effective as long as the established bearish channel remains intact.



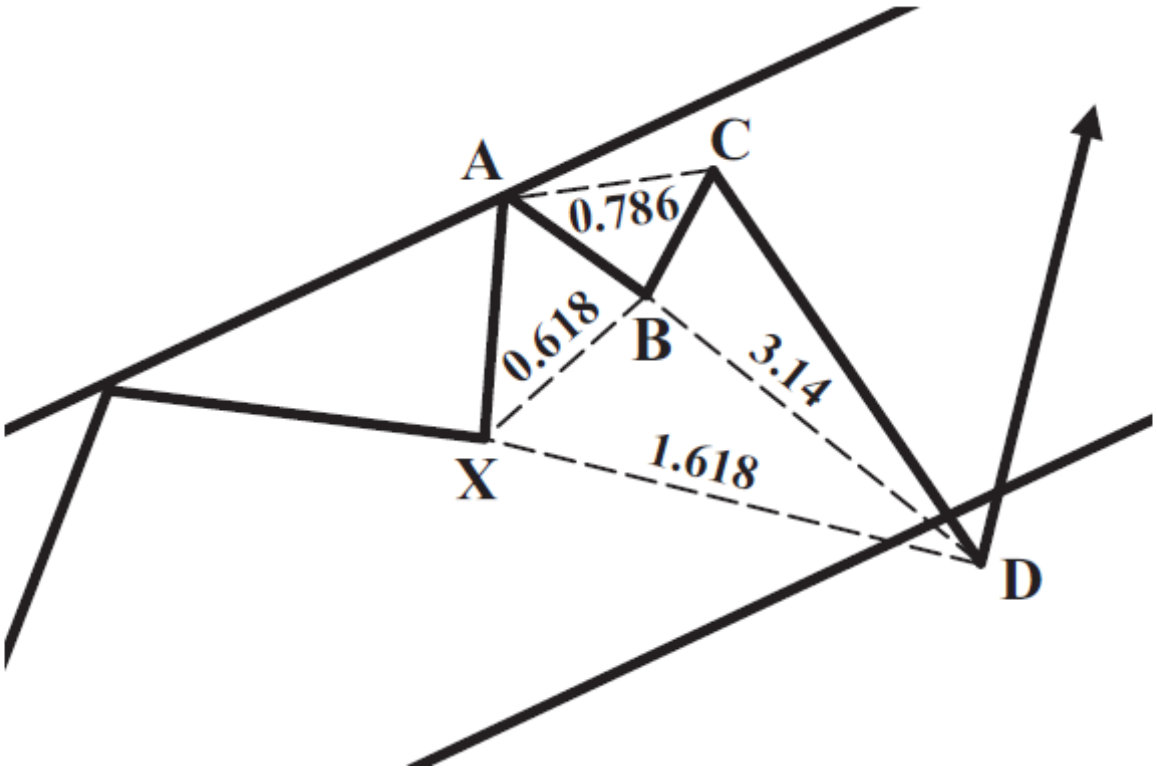
Bullish Retracement Patterns within Bullish Trend Channels

Bullish retracement patterns such as a Gartley or a Bat typically develop in areas of consolidation in conjunction with the constraints of the channel. Figure 4.12 shows a Bullish Gartley, but either retracement pattern can be applied to these situations.



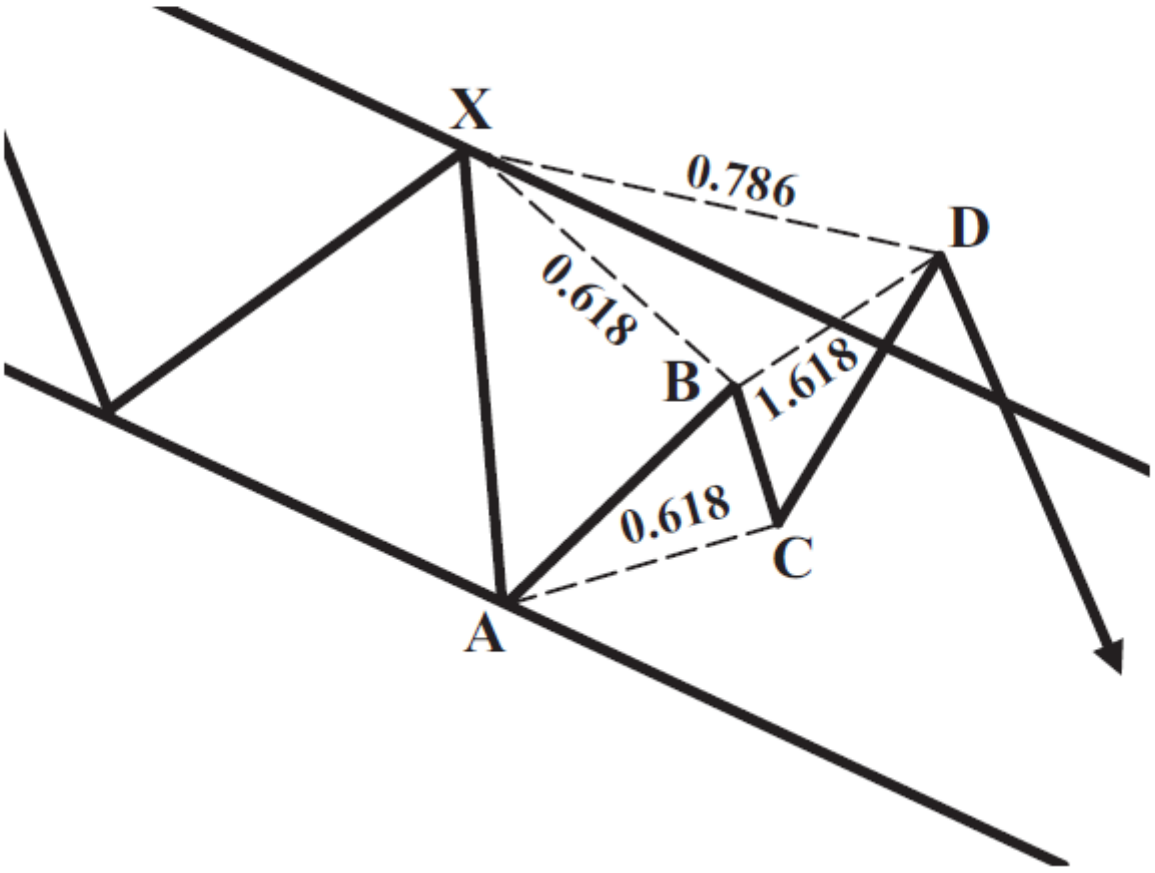
Bullish Extension Patterns within Bullish Trend Channels

Bullish extension patterns such as a Crab, a Butterfly, or an Alternate Bat typically possess more volatile corrective price action yet remain within the constraints of the established channel. Figure 4.15 illustrates a Bullish Crab, but any of the extension patterns can be applied to these situations.



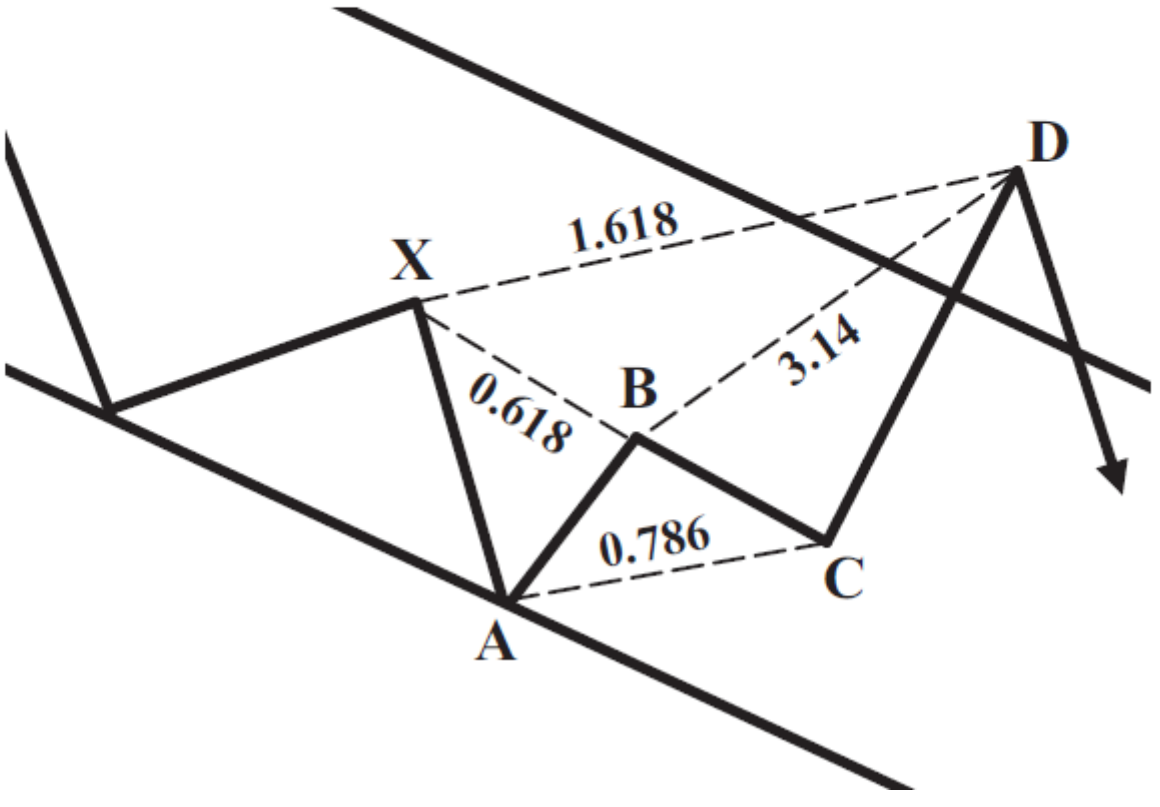
Bearish Complex Retracement Patterns within Downtrend Channels

Again, bearish retracement patterns such as a Gartley or a Bat typically develop in areas of consolidation in conjunction with the constraints of the channel. Figure 4.17 illustrates a Bearish Gartley, but either retracement pattern can be applied to these situations.



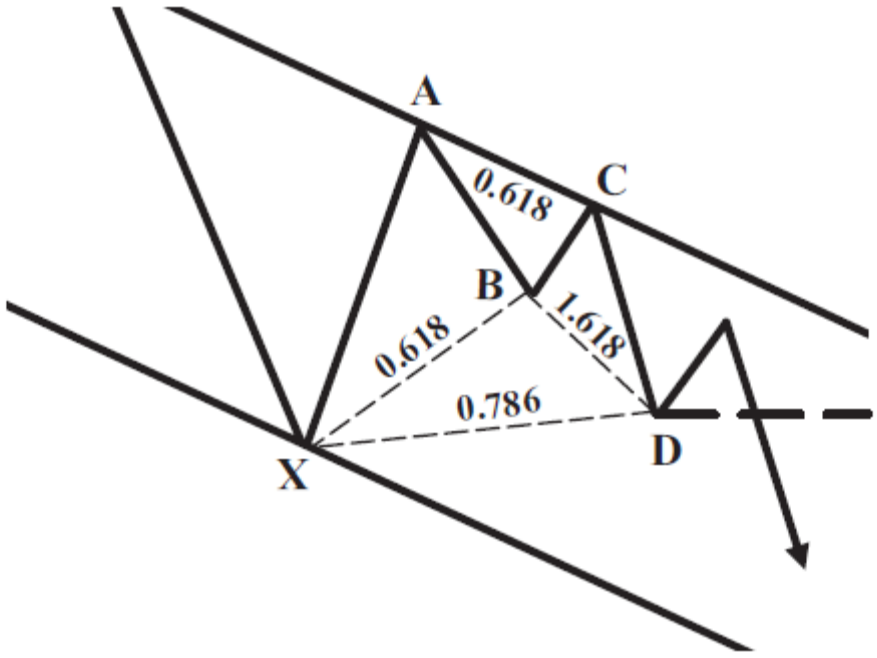
Bearish Complex Extension Patterns within Bearish Channels

Bearish extension patterns such as a Crab, a Butterfly, or an Alternate Bat typically possess more volatile corrective price action yet remain within the constraints of the established channel. Figure 4.19 illustrates a Bearish Crab, but any of the extension patterns can be applied to these situations.



Bullish Failed Complex Pattern Against the Trend

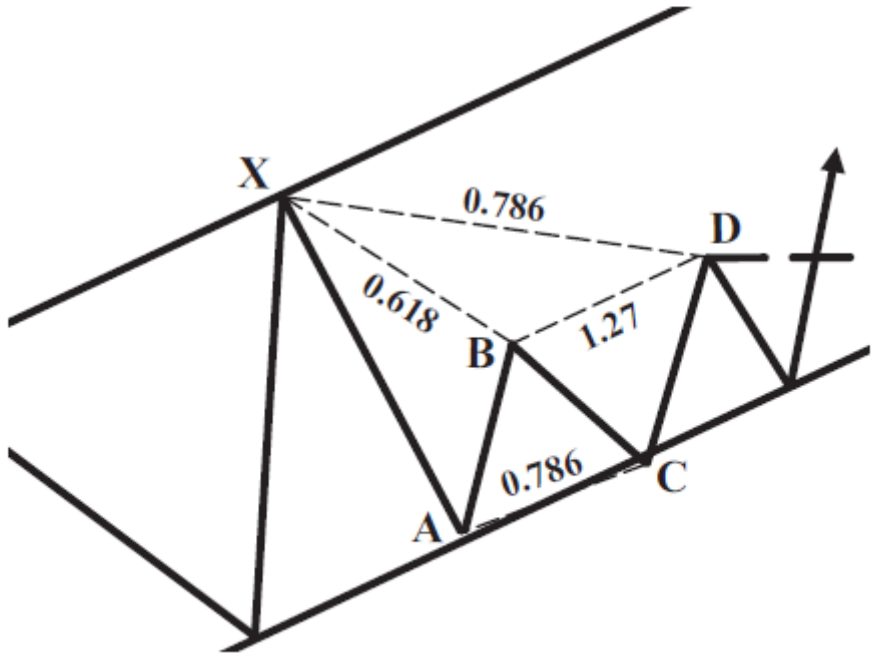
The overwhelming failure of patterns that act as clear continuation signals was exemplified in the historical examples of the bear markets of both 2000 and 2008. The violated Monster Bullish Gartley and the failed weekly Bullish 5-0, respectively, were two historic examples of this phenomenon. Both situations personally ingrained the significance of these failures for me as a vital element of the Harmonic Trading approach (see Figure 4.22). Although it is easy to spot the best examples in hindsight, the importance of such failures must be considered in real-time situations as opportunities unto themselves. The failure of a pattern's anticipated completion commonly indicates that something technically more significant is developing, especially when the trend is well defined. In fact, these types of continuation trades can yield decisive moves that offer accelerated declines following brief consolidation periods.



Failed Bearish Patterns in a Bullish Trend Channel

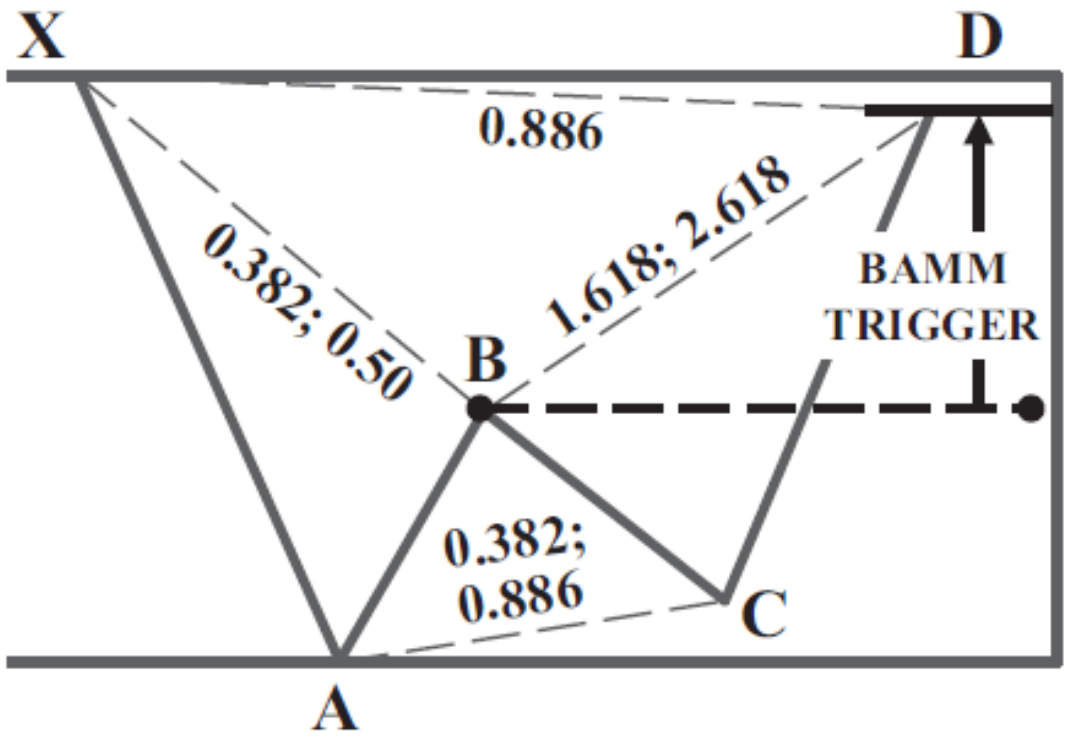
Failed bearish patterns within an established bullish channel typically signal an important continuation of the predominant trend. Again, failed harmonic patterns in these situations underscore their importance as continuation signals. This technical information is usually critical to the future direction of the price action, as bearish pattern failures within an established channel can lead to an acceleration of that trend.

Although Figure 4.25 only shows a retracement pattern, the same principles apply to extension structures. However, Bearish Gartley and Bearish Bat patterns typically yield the best moves following a decisive failure of their respective PRZ.



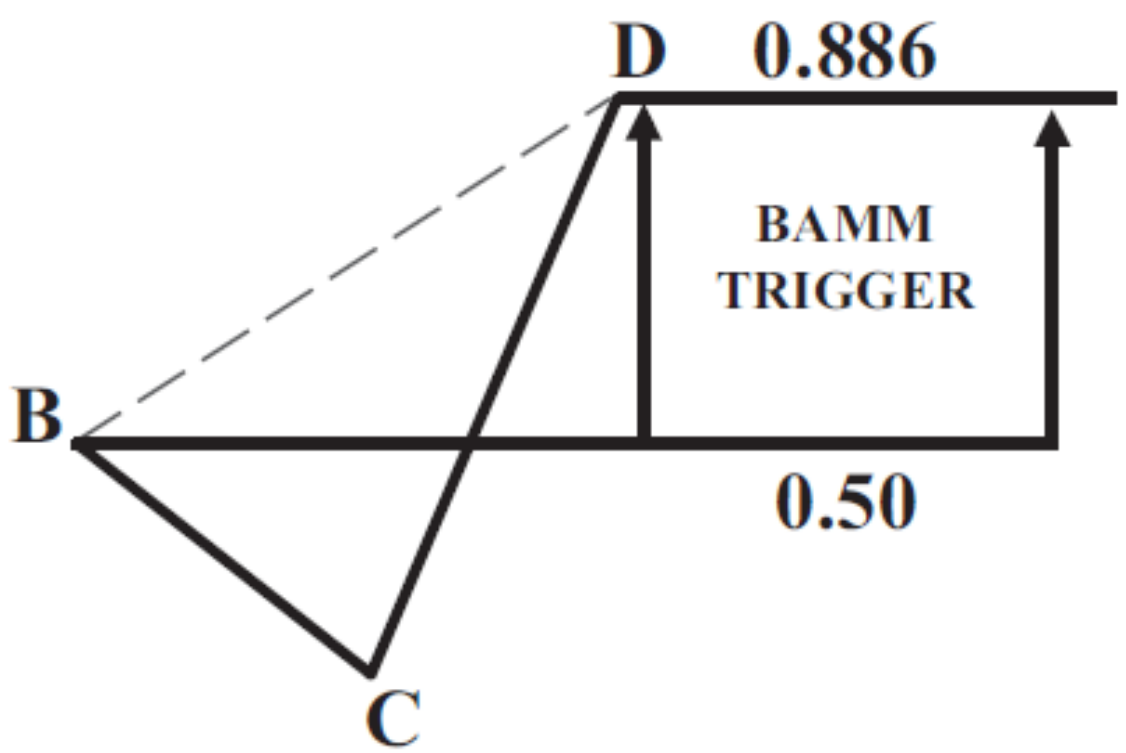
Bullish BAMM Breakout

The illustration of the Bearish Bat pattern in Figure 5.1 shows the point where the BAMM is triggered. Utilizing the Bat pattern illustration, when the B point of a pattern is at a 50% level or less, the CD leg typically experiences a greater retracement of the XA move to the 0.886 level.



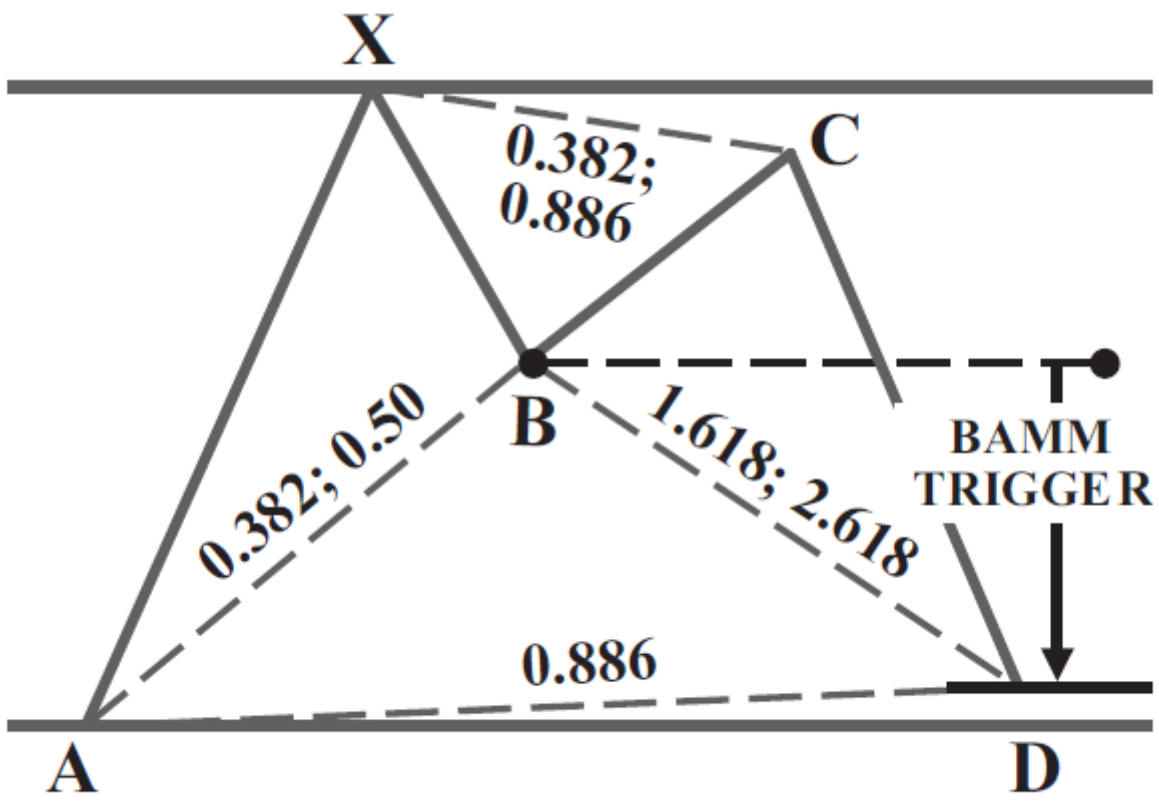
Bullish BAMM Breakout in the CD Leg

The BAMM phenomenon can be clearly witnessed upon close inspection of the CD leg. As the price action rallies above the B point, the "magnet effect" begins (see Figure 5.3).



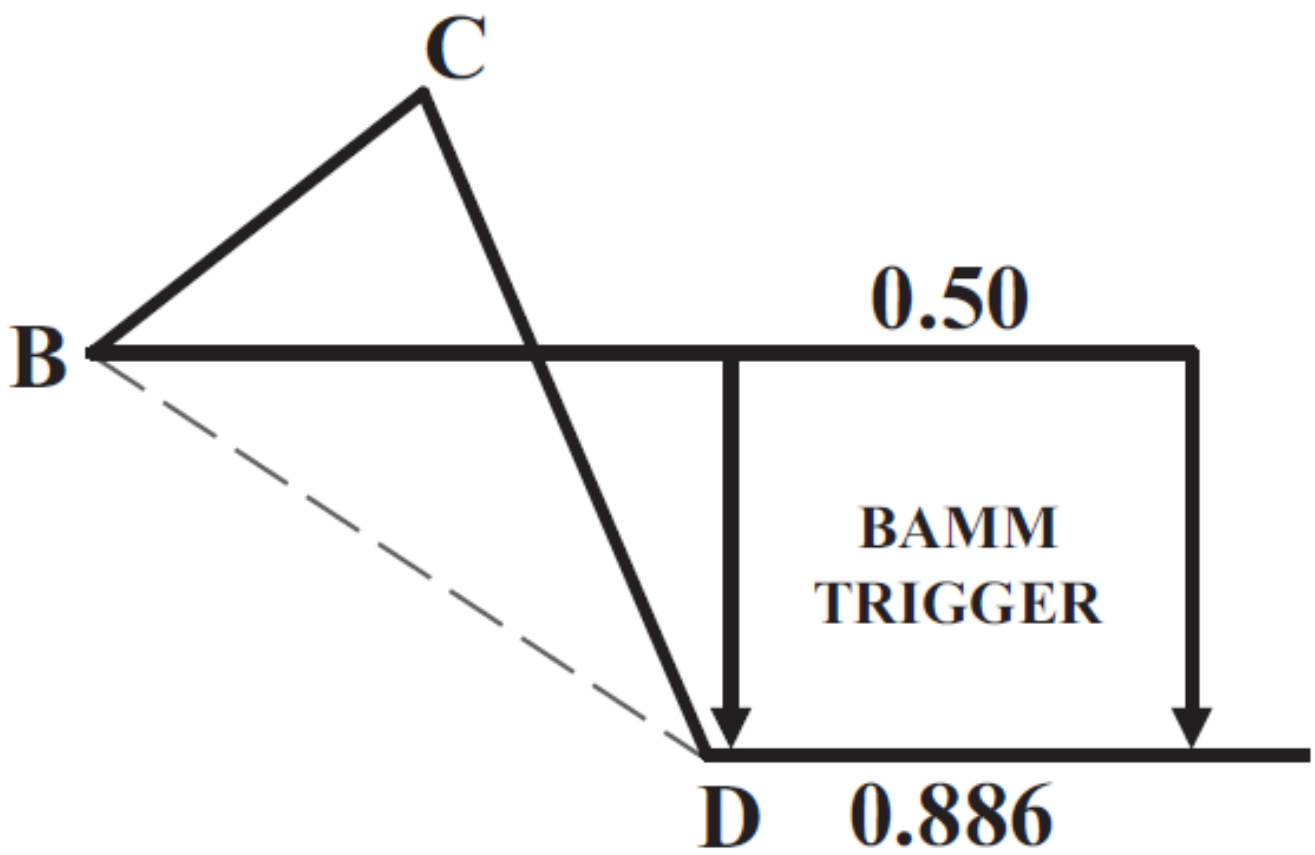
Bearish BAMM Breakdown

Figure 5.5 illustrates a Bullish Bat pattern that outlines the point where the BAMM is triggered. Utilizing the Bat pattern illustration, when a B point of a pattern is at a 50% level or less, the CD leg typically experiences a greater retracement of the XA move to the 0.886 level.



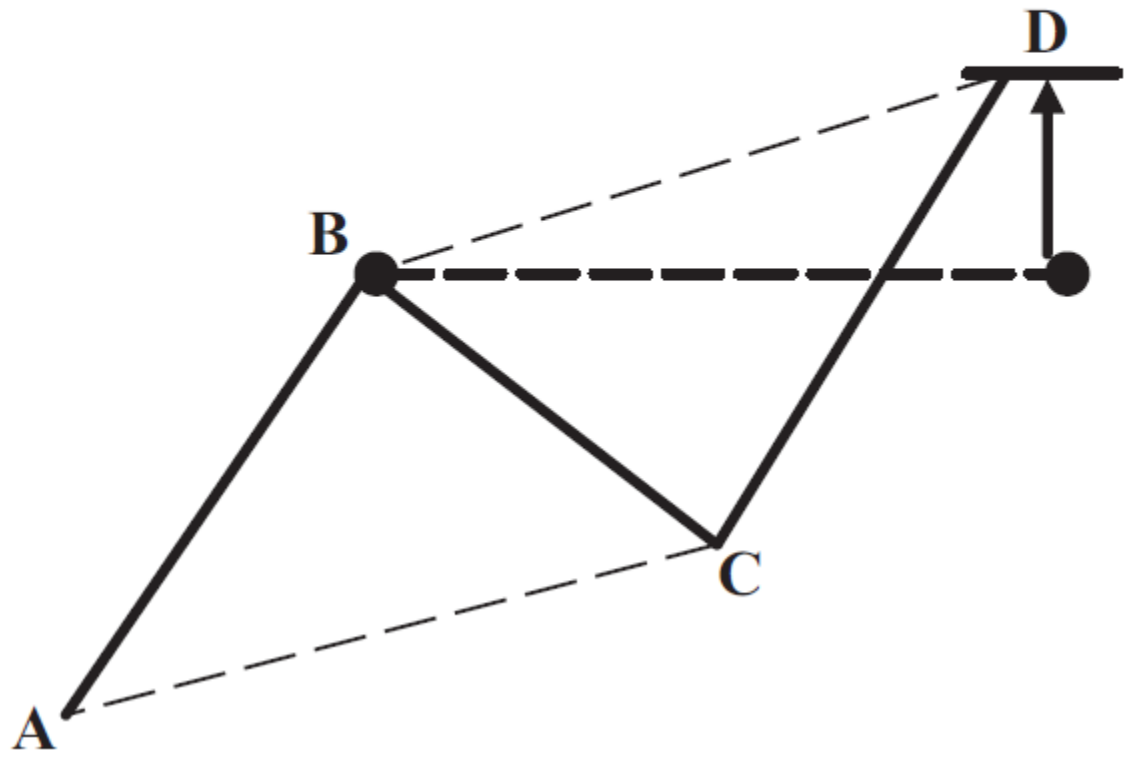
Bearish BAMM Breakdown in the CD Leg

The BAMM phenomenon can be clearly witnessed upon close inspection of the CD leg. As the price action declines below the B point, the “magnet effect” begins, as illustrated in Figure 5.7.



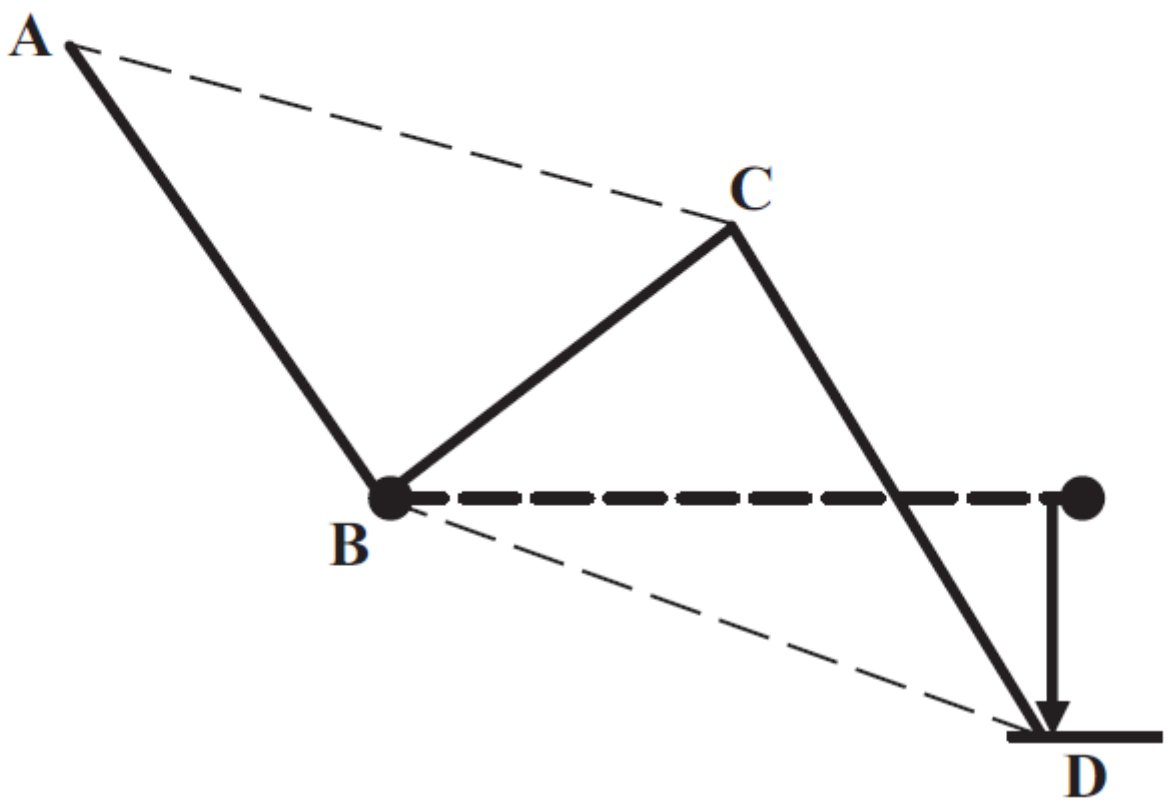
Bullish AB=CD BAMM

In the case of the Bearish AB=CD pattern, the price action will typically accelerate on the breakout of the resistance level at the B-point, as illustrated in Figure 5.9.



Bearish AB=CD BAMM

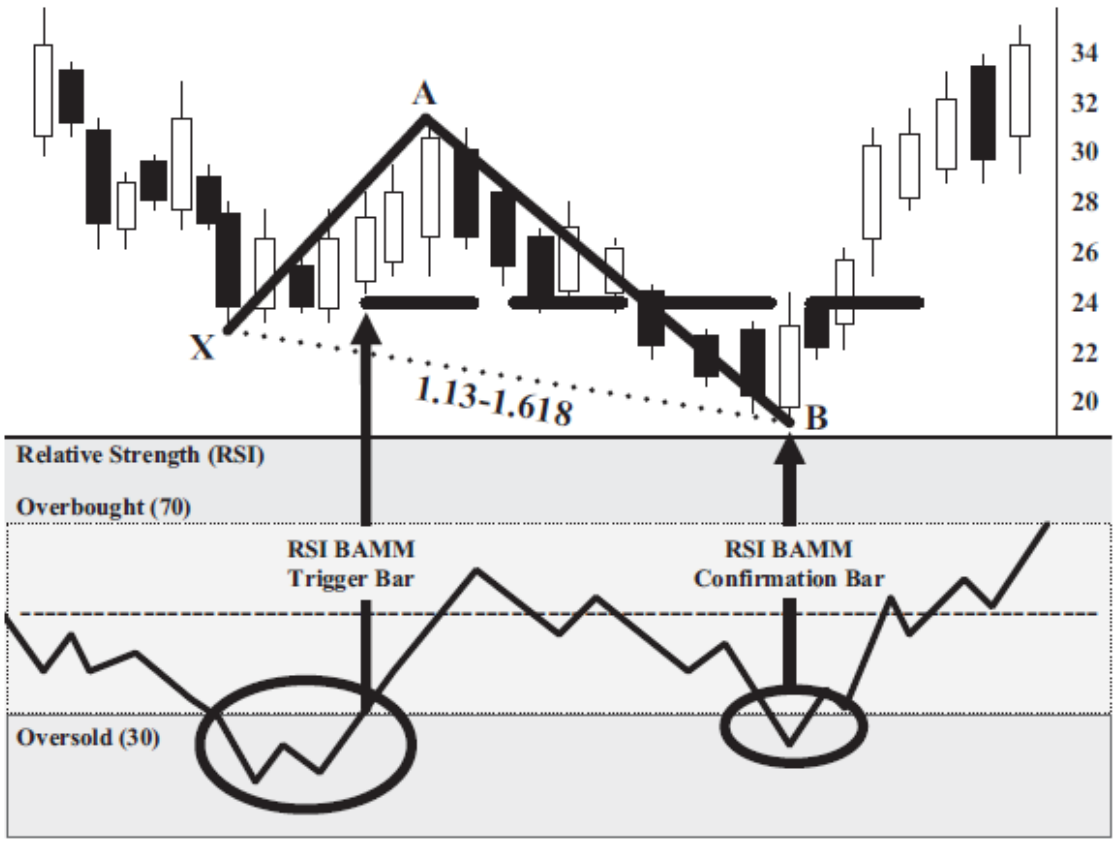
In the case of the Bullish AB=CD, the price action will typically accelerate on the breakdown of the support level at the prior B-point, triggering a trade opportunity to sell on this continuation with a target completion at the pattern's PRZ (see Figure 5.12).



Safe Trades:

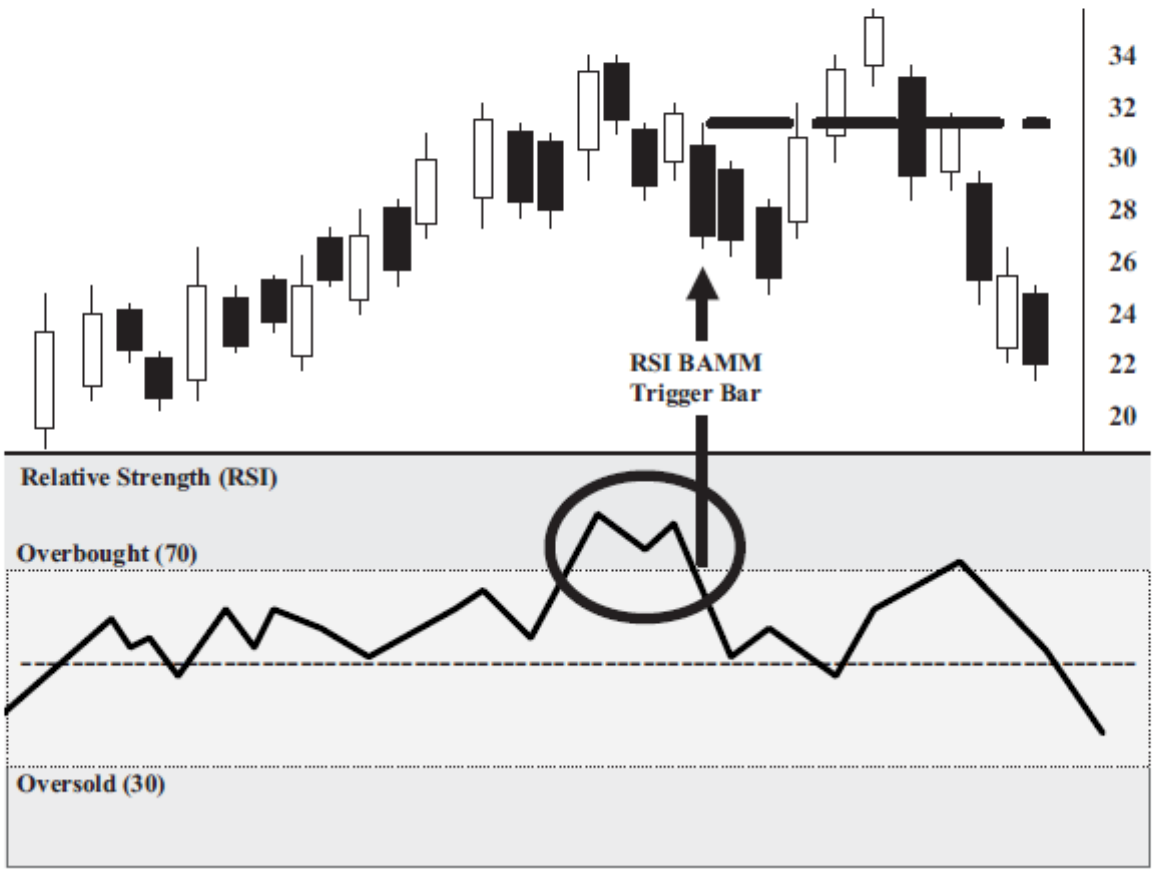
Bullish RSI BAMM

The Bullish RSI BAMM begins with a complex reading in an oversold area under the 30 limit. Referring to the RSI BAMM illustration in Figure 6.1, the entire process requires several elements to validate this specific scenario. In much the same manner that the initial rules of harmonic pattern identification and differentiation may have seemed overwhelming, the RSI BAMM rules—albeit a bit complex upon first study—provide a coherent and comprehensive method for accurately measuring potential areas of divergence.



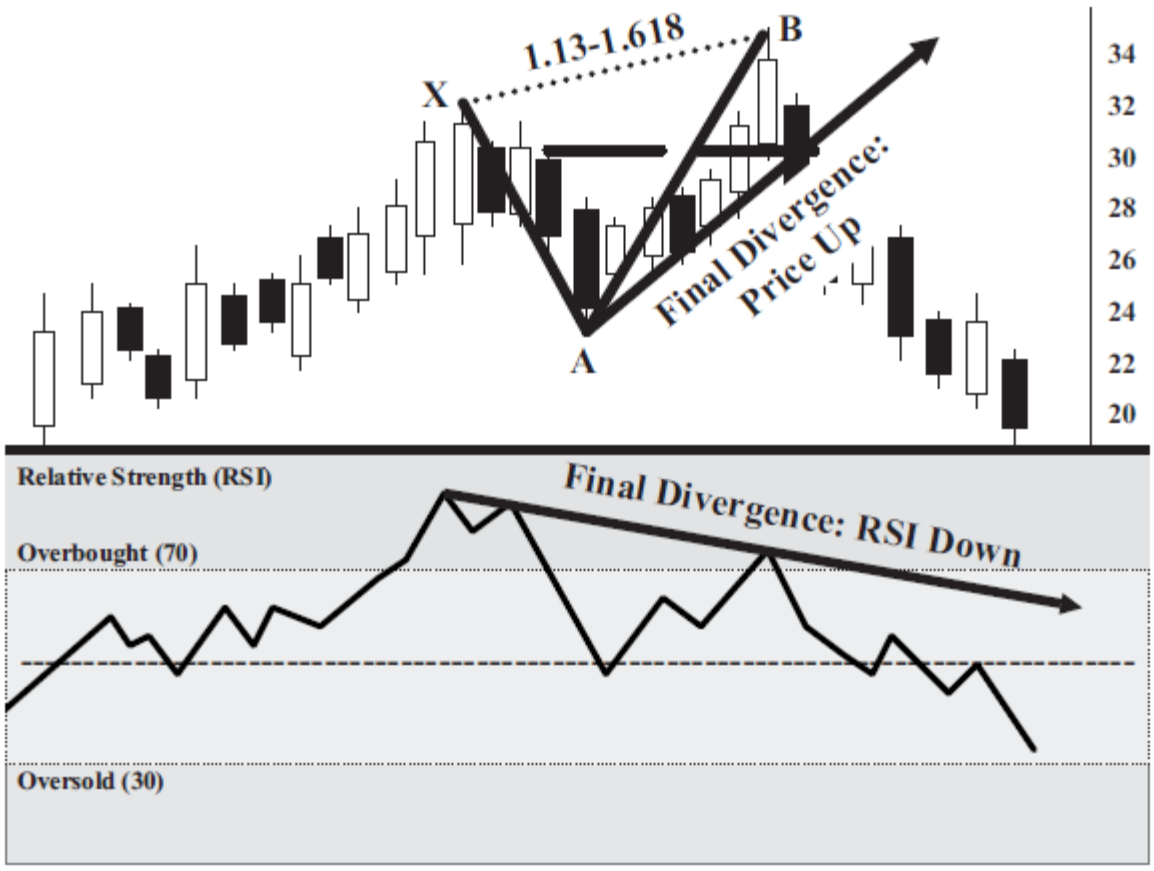
Step 3: Define the RSI Trigger Bar

After defining the complex RSI formation, the next step requires a measurement of the price area where the M-type indicator structure has completed. The price bar that causes the complex RSI indicator reading to complete the M-type structure and to decline below the extreme 70 limit is known as the *RSI BAMM Trigger Bar* (see Figure 6.53).

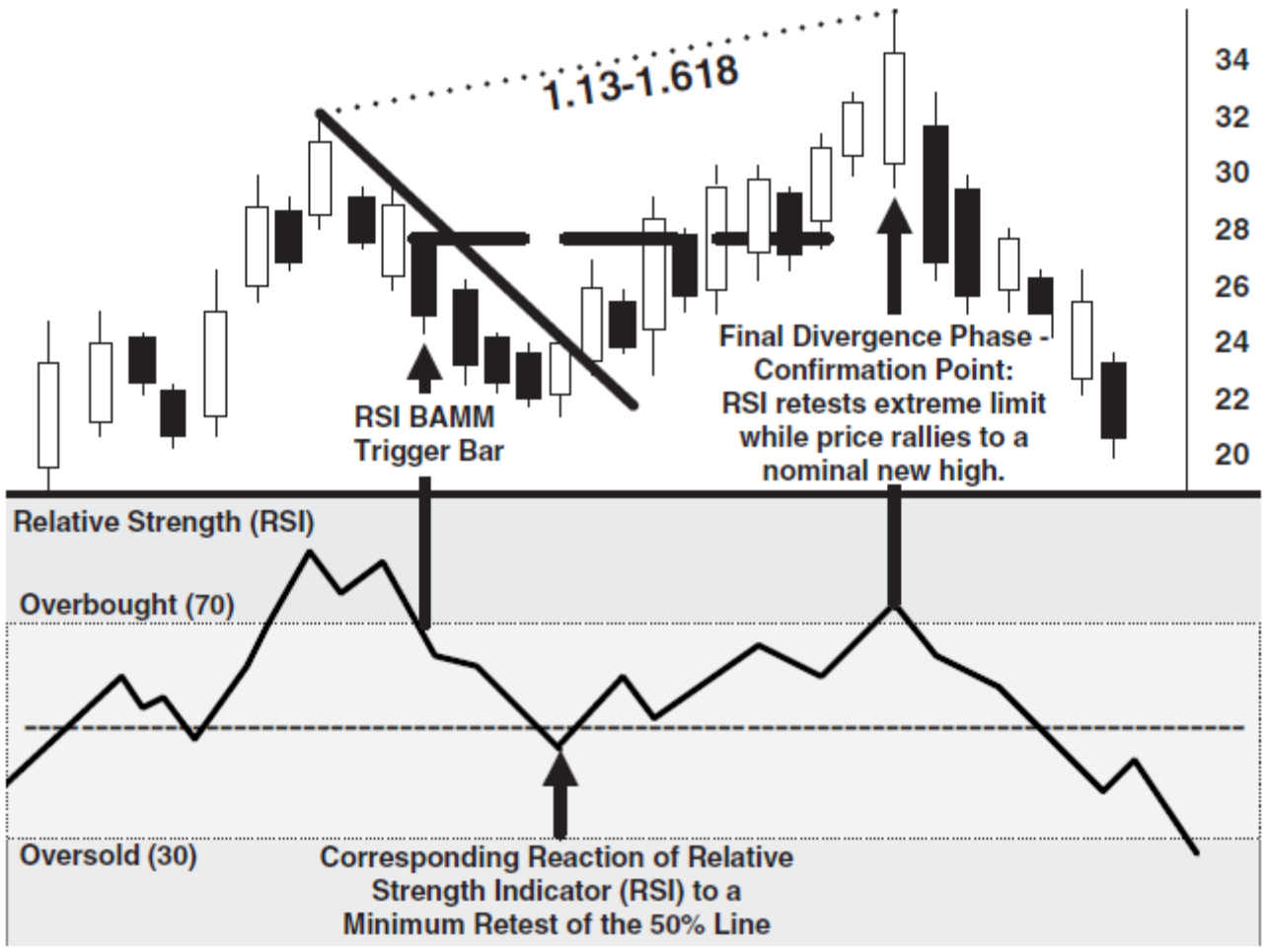


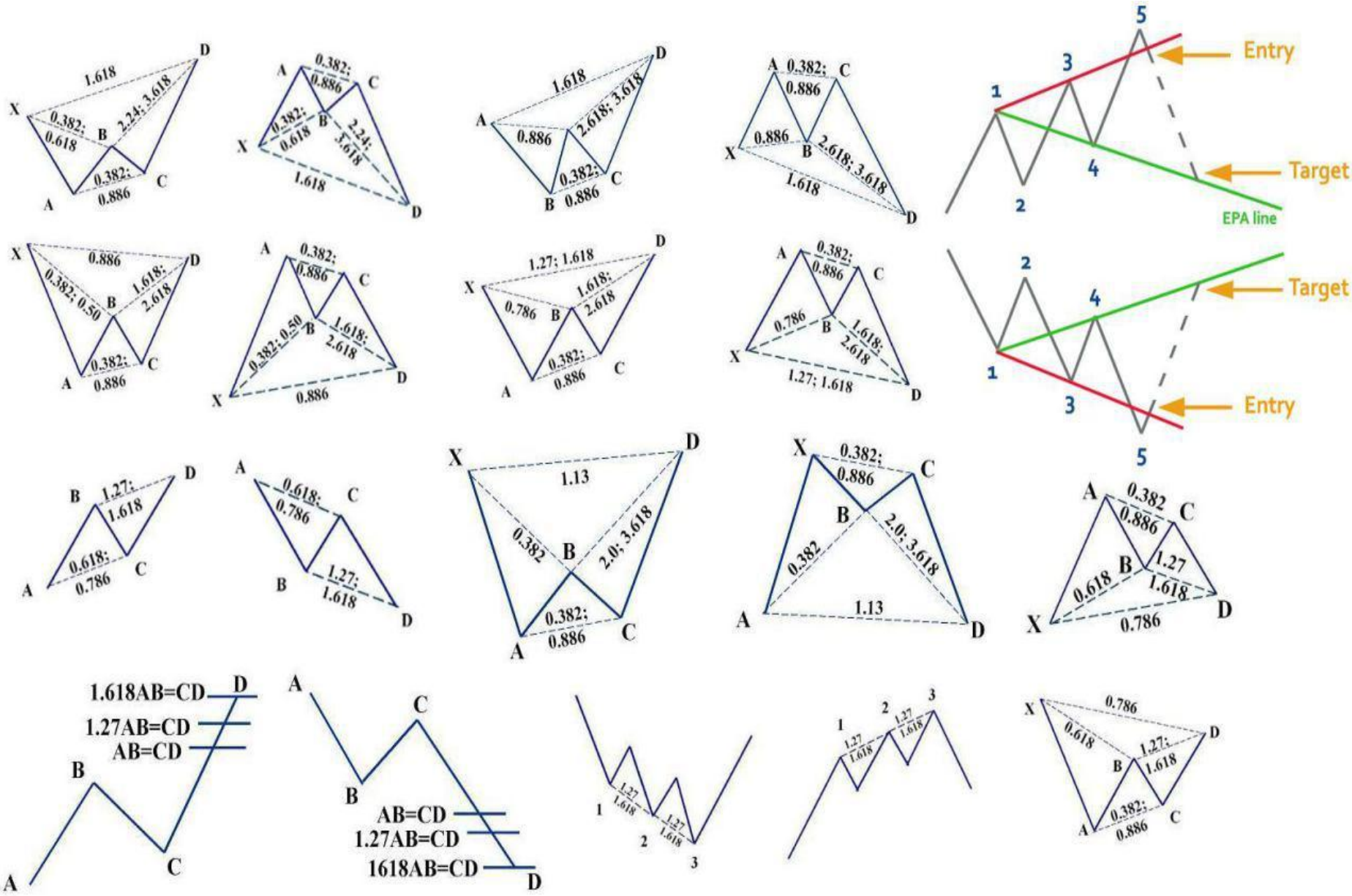
Step 4: Reaction of RSI and Price

After the Trigger Bar has been established, the initial reaction from the completion of the complex RSI structure and the price must be monitored closely. After topping out in the extreme overbought area above 70, the price action typically experiences a quick and decisive pullback. This is typically evidenced by a steady short-term downtrend (see Figure 6.55).



Noise And Safe Places:





MEHDI . SAHEBI

Telegram: @ChashmeBartar_BourseIRAN

مهدی صاحبی (چشم برنر)

نویسنده کتاب انفجار فکر

مولف لذت موج سواری در دریای امواج الیوت : منتشر شده در سایت فراچارت

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@CHASHMEBARTAR_BOURSEIRAN

MEHDI . SAHEBI

Telegram: @ChashmeBartar_BourseIRAN