



Autochartist

User Manual

INTRODUCTION

Chapter 1

Autochartist offers traders automated market-scanning tools that highlight trade opportunities based on support and resistance levels. Autochartist products include:

Chart pattern formations such as Triangles, Wedges, Head-and-Shoulders and Channels;

Fibonacci Retracements, Extensions, ABCD, Gartley and Butterfly patterns;

Key Levels - the technical analysis of horizontal support and resistance levels;

Volatility Analysis provides an overall assessment of risk and volatility

Our Favorites - Autochartist provides a list of currently active trading opportunities that have had a high probability of success over the past 6 months. **(Disclaimer: past performance probability may not be indicative of future performance).**

Performance Statistics provides insight as to which patterns have reached their forecast levels over the last 6 months.

E-mail subscriptions provide one with a technical outlook of the markets for the next 24 - 48 hours.

Event Impact Analysis provides a view on how the major currency pairs' prices moved during major financial news releases

Autochartist's technical analysis products: Chart patterns; Fibonacci patterns and Key Levels are automatically identified by pattern recognition engines that continuously monitor financial instruments.

Emerging patterns provides one with early warning of where trade opportunities are developing that is, where price is approaching support or resistance. This is useful to swing traders looking for ranges within which they can trade.

The Volatility Analysis tool provides statistical information about price volatility for the instruments traded. Volatility Analysis provides an assessment of risk when setting take profit and stop-loss levels.

Benefits:

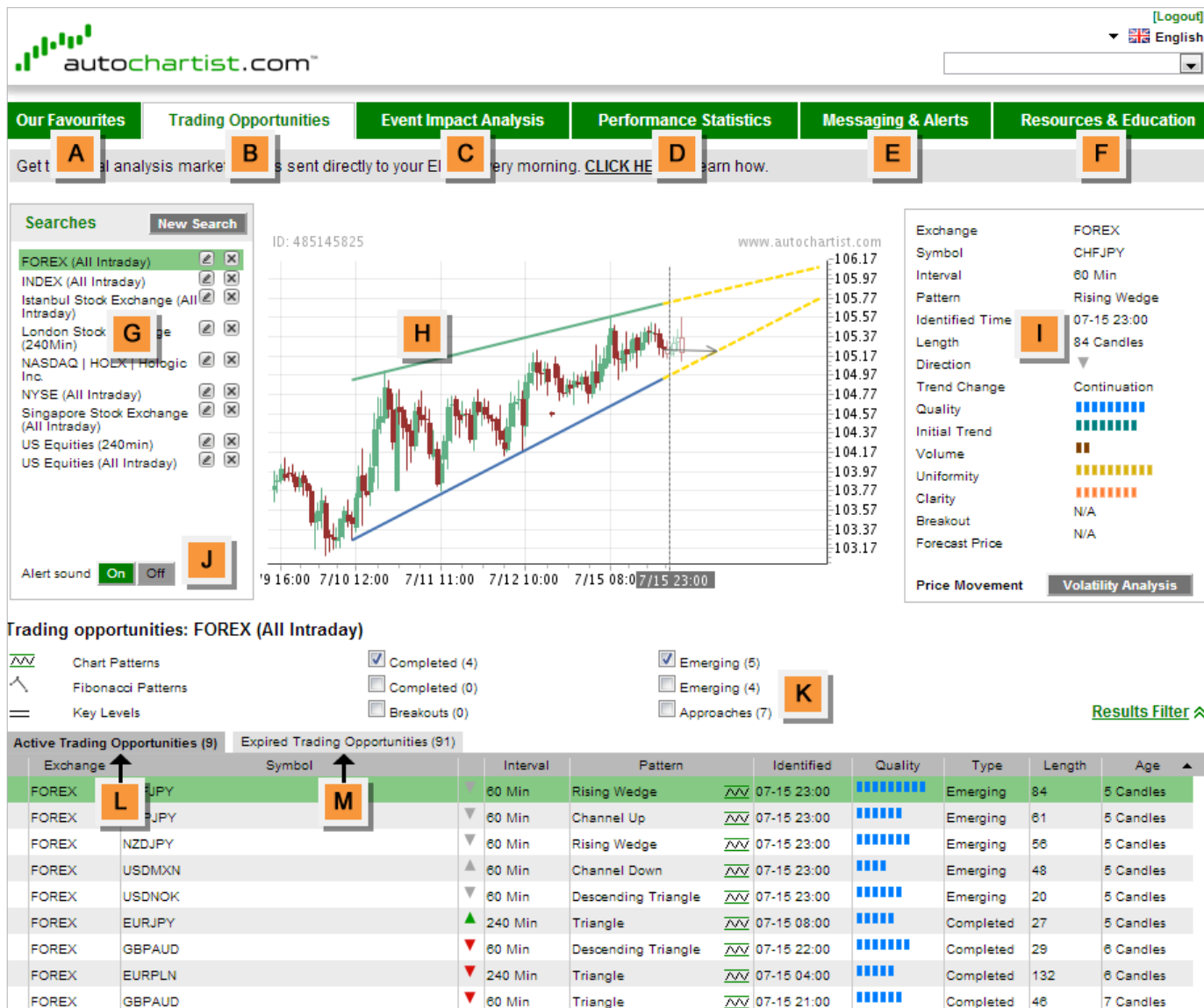
- Autochartist covers most financial markets such as Forex, Indices, Commodities, Stocks, CFD's and Futures.
- Autochartist saves time by continuously scanning the markets for trade opportunities.
- Each Chart pattern; Fibonacci pattern and Key Level comes with a set of visual quality indicators that give novice traders an ability to interpret patterns, while it lets more experienced traders perform advanced search functions.
- Autochartist provides a wide variety of educational material such as this online manual, a quick start guide, videos, eBooks and free webinars.



AUTOCHARTIST WEB INTERFACE

Chapter 2

Upon first sign in to the Autochartist web application the interface will display information that has been loaded by default



AUTOCHARTIST WEB INTERFACE

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A

Our Favourites

B

Trading Opportunities

- Contains search results for Chart and Fibonacci Patterns, as well as Key Levels

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Results Filter:

Chart Patterns: [Emerging / Complete]

Fibonacci Patterns: [Emerging / Complete]

Key Levels: [Breakouts / Approaches]

L

Active Trading Opportunities

M

Expired Trading Opportunities



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Our Favourites

“Our Favourites” is a list of currently active trading opportunities with the highest probability of success based on the last 6 months of identified trading opportunities (**Disclaimer: Past performance may not be indicative of future performance**). All Autochartist opportunities are evaluated against past performance with respect to the pattern type, the instrument and the time of day it was identified.



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B

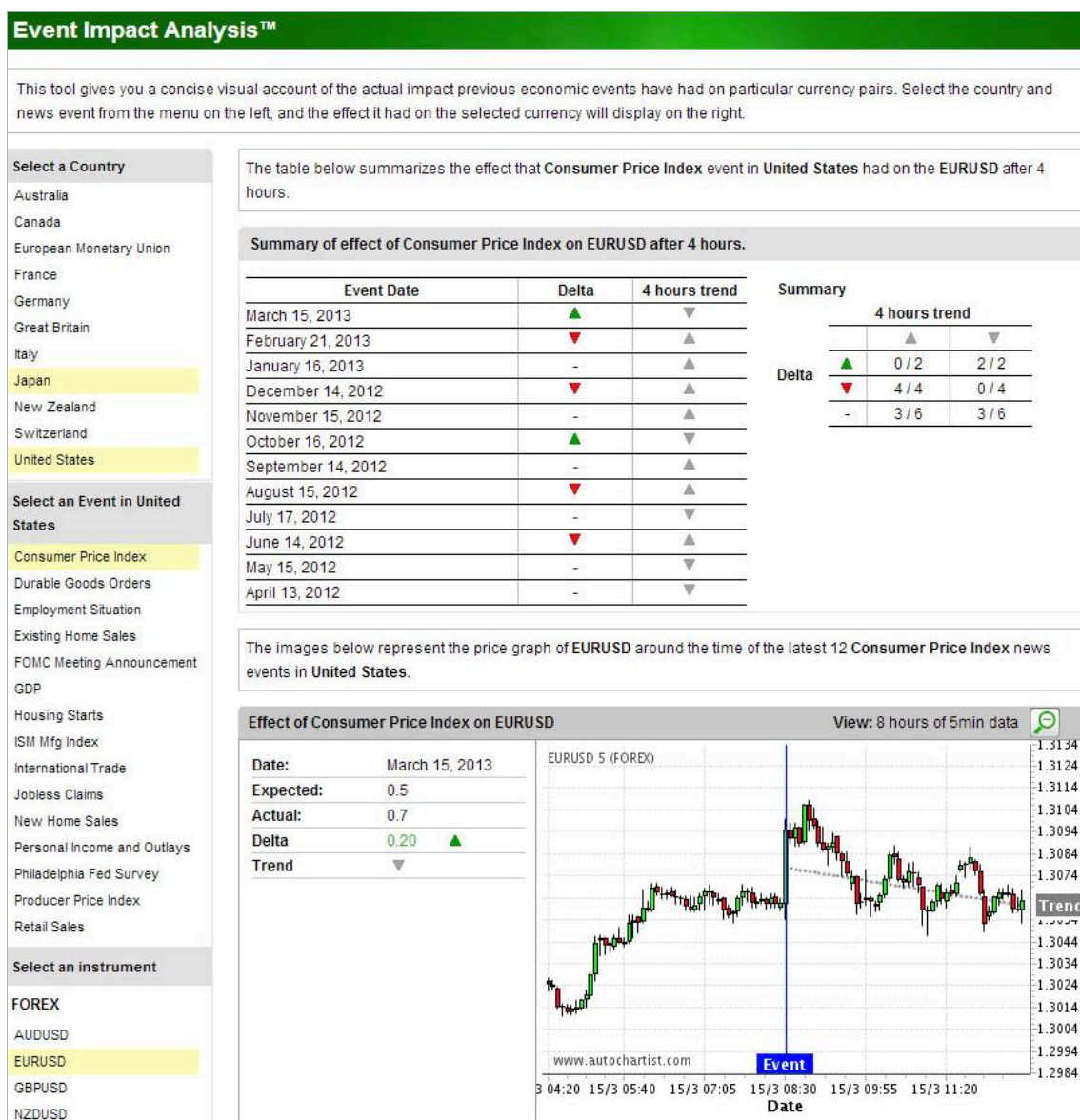
Trading Opportunities

Search for Chart Patterns; Fibonacci Patterns, as well as Key Levels trade opportunities from the **Trading Opportunities Tab**. The Results Filter refines one's preferences by including or excluding some or all of the trade opportunities available.

C

Event Impact Analysis

This tool provides a concise visual account of the impact previous economic events have had on a particular currency pair. Select the country and news event from the menu on the left, and the effect it had on the selected currency will display on the right.





Performance Statistics

This tab provides detailed statistics on the overall accuracy of Autochartist for the preceding 6-month period, as well as specific statistics on how Autochartist performs on particular symbols, time granularities, patterns and directions.

Disclaimer: These statistics are not a measure of profitability, but simply count the quantity of identified opportunities that reach the forecast level within a predefined time.



Messaging & Alerts Tab (Market Reports)

E-mail subscriptions provide one with a report on the technical outlook of the markets for the next few days. Subscribe to receive e-mails up to three times per day for markets such as Forex and Commodities, or once per day for stock exchanges such as the Tokyo Stock Exchange, London Stock Exchange and the New York Stock Exchange.

To subscribe, one should log into the Autochartist platform, click on **'Messaging & Alerts'**, select preferred market, select **preferred language** and the preferred time. Then to receive the email, one should enter an **email address** and click on **submit**. Note: to ensure receipt of Autochartist's daily e-mail alerts one should please add alerts@autochartist.com to an address book or contact list.



Trading Community

This section provides access to education and product support documentation, as well as downloads and install instructions of Autochartist's MT4; MT5 and JForex plugin. In addition, one can follow live intraday trading using Autochartist. Subscribe to receive e-mail alerts of new trades placed.

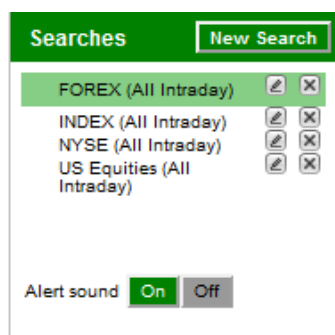






Search Pane

When logging in for the first time, the search pane contains a default list of populated searches. Each search contains a set of criteria defined by the individual which specifies which symbols to include in the search. The **symbols** can be included by:

1. Selecting from predefined **groups** such as exchanges or instrument types; or
2. By selecting **individual symbols**.



The Advanced Search option gives one the ability to choose certain criteria when setting up a search to filter and further refine search results.

When a new trade opportunity is identified this icon  appears next to the search name. By clicking on the  icon one is redirected to the relevant search results.

The information displayed in the **Active Trading Opportunities** and **Expired Trading Opportunities** sections (L and M) are from the highlighted search (the search name will be marked in green).

An existing search can be edited by clicking on the pencil icon () , or deleted by clicking on the 'close' icon (.

(Please refer to Chapter 3 "Creating and Editing a Search" for details on creating or editing a search.)





Pattern Display

The price graph in this pane represents the result that was selected in the **Active Trading Opportunities**. (L)



The following information can be seen on the Pattern Display area (H):

- The date and time at which the pattern was identified is highlighted in grey on the chart.
- Completed patterns are displayed with a horizontal line representing the forecast level. The colour of the line is representative of the forecast direction of the pattern (green=up and red=down) and is displayed with a directional arrow from the point of breakout to the forecast line.
- The columns to the right of the price graph contains additional information about the pattern, such as direction, pattern type, identified time, quality (various indicators) and forecast price (completed patterns). For more information see **Active Trading Opportunities Pane L**.



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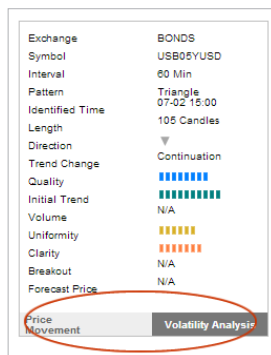
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Price Movement Pane; Quality Indicators and Volatility Analysis

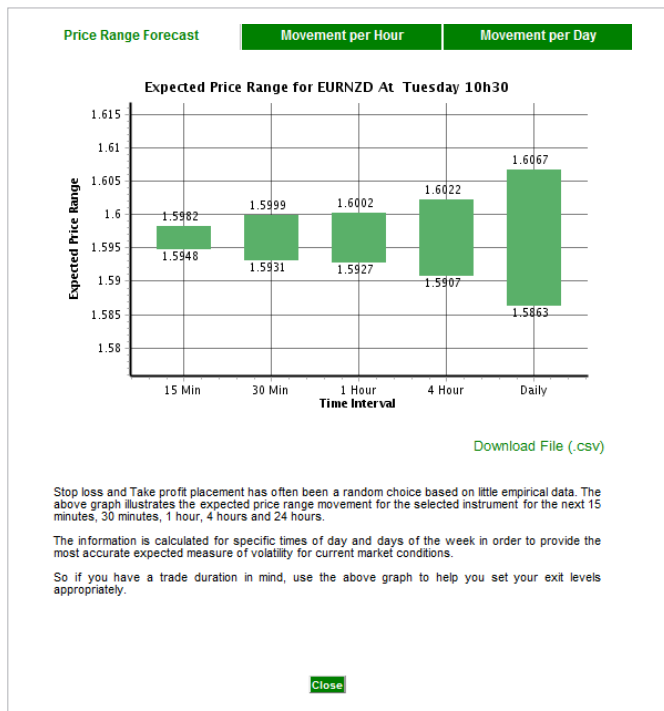
The **Volatility Analysis** tool provides insight into the movement of instruments. This tool can be used to assess the trading risk associated with different instruments in relation to the time of day in which they are being traded.

To access the **Volatility Analysis** feature click on the 'Volatility Analysis' button.



A new screen will pop up with 3 tabs:

Price Range Forecast



The Price Range Forecast section is used to get a view of probable ranges that price is likely to move within over different periods/intervals. This allows one to assess the risk of take profit and stop loss levels based on the past six months of price movement data for a particular instrument for the current day of the week at the current time of day.

For advanced users, these ranges are calculated as one standard deviation around the mean of the price movement.



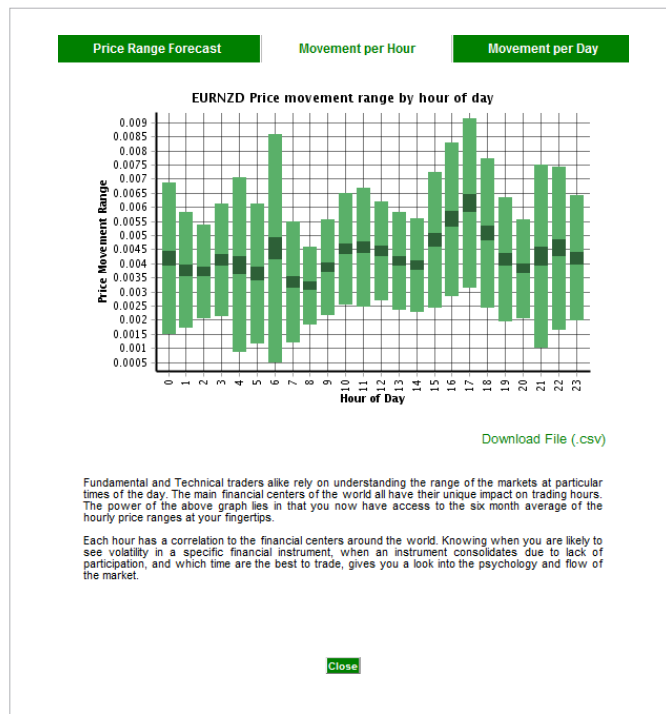
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Price Movement Pane; Quality Indicators and Volatility Analysis

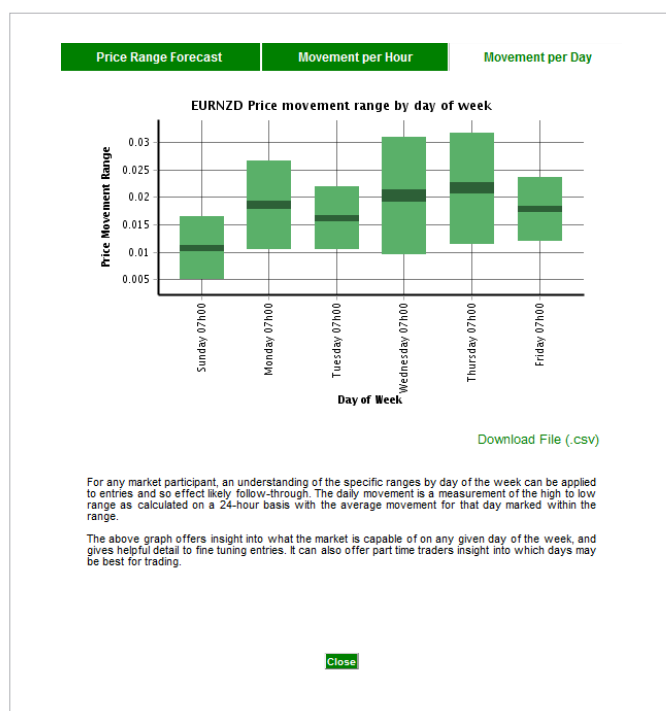
Movement Per Hour



The Movement Per Hour view gives an overview of what hours in the day sees more volatility in price movement for a selected instrument.

One can therefore assess the risk associated with trading certain instruments during different times of day.

Movement Per Hour



Very similar to the Movement per Hour view, the Movement per Day view, indicates the weekdays on which more volatility can be expected. This view is aimed at providing information on when certain structural aspects of certain markets make trading on certain days more risky.



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Sound Switch

When new results are identified an audible sound is played. The alert sound can be toggled to **On or Off**.



The component that Autochartist uses to play sound notifications does an automatic selection of HTML 5 audio, native browser audio and Flash (if installed) to play the sound. Flash is most commonly used. To update Flash click on the link: <http://get.adobe.com/flashplayer/>

Computer sound as well as that of the application must be switched on to receive audio alerts.



Results Filter



Should the results filter not be in view between the Pattern Display and the Trading Opportunities Pane click on the [Results Filter](#) link.

Select preferred types of trade opportunities by using the Results Filter. Tick and/or untick the check boxes next to each type of trade opportunity to view results in the Trading Opportunities Pane. Results will appear or disappear from the Trading Opportunities Pane in real time as the check boxes are ticked or un-ticked.



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ACTIVE Trading Opportunities

The **Active Trading Opportunities** section is continuously populated with all the latest results of the search highlighted in the Search Pane (G), that fall within the categories selected in the **Results Filter** (K).

Active trading opportunities are patterns in which there still can be traded. This means that the price is not moving away from the expected direction and target, and the pattern has not yet completed or reached its target. As soon as any of this changes, the result is moved to the 'Expired Trading Opportunities' tab (see below)

Active Trading Opportunities (55)										Expired Trading Opportunities (52)									
Exchange	Symbol	Interval	Pattern	Identified	Quality	Type	Length	Age		Exchange	Symbol	Interval	Pattern	Identified	Quality	Type	Length	Age	
FOREX	GBPEUR	240 Min	Channel Down	01-31 07:00		Emerging	67	0 Candles		FOREX	AUDNZD	15 Min	Support	01-31 01:30		Approach	150	0 Candles	
FOREX	USDHKD	15 Min	Support	01-31 04:00		Approach	131	0 Candles		FOREX	USDHKD	30 Min	Support	01-31 04:30		Approach	66	0 Candles	

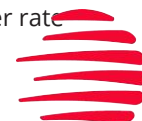
By default the first result is selected and highlighted in green.

For the sake of clarity and ease of use, results are highlighted in yellow when the mouse cursor hovers over them. Once clicked the pattern of the selected result will be displayed in the Pattern Display area and the result will be highlighted in green.

Information provided in the Results Pane for Active Trading Opportunities include:

- **Exchange**,
- **Symbol**,
- The **direction** of the pattern,
- Time **interval** of the bar chart,
- The **pattern** name,
- The time when the pattern was identified,
- Overall visual quality assigned to the pattern (arithmetic average of various different visual quality indicators),
- Pattern type, indicating whether it is emerging or completed, or a breakout or approach, (See Chapter 4: "Emerging vs. Complete Results" for a more in-depth explanation of the difference between completed and emerging patterns.)
- Pattern length in bars/candles,
- Age in candles since the pattern was identified.

This list is sorted by Age, which is the number of candles/bars that formed after the pattern was identified. This method of sorting means that longer term patterns such as 1-day and 4-hour patterns will move down the list at a much slower rate than short term patterns (15 min, 30 min). Also, the latest patterns will be listed first.



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EXPIRED Trading Opportunities

To view this pane click on the 'Expired Trading Opportunities' tab which will be highlighted in dark grey. This pane lists all expired results for the search highlighted in the **Search Pane (K)**.

Active Trading Opportunities (55)		Expired Trading Opportunities (52)						
Exchange	Symbol	Interval	Pattern	Identified	Quality	Type	Length	
FOREX	EURNZD	15 Min	Triangle	 01-31 09:15		Emerging	185	
FOREX	NZDJPY	15 Min	Triangle	 01-31 09:15		Emerging	27	
FOREX	USDCHF	60 Min	Triangle	 01-31 09:00		Emerging	47	
FOREX	USDCHF	30 Min	Triangle	 01-31 09:00		Emerging	94	

A result expires as soon as an event occurs that makes the expected outcome either unlikely or impossible, or when the expectation was fulfilled and the target reached. Some examples of expired opportunities would be when price starts moving consistently away from the target level of a completed pattern, or when an emerging pattern completes (in this case the emerging pattern expires, but a new completed pattern opportunity will arise). See the examples below.



The information in this section is displayed in exactly the same way as the information in the Active Trading Opportunities tab. For more information on how results are displayed, please see the preceding section (L).



CREATING AND EDITING A SEARCH

A *Search* is a group of symbols, either predefined or selected for which one wishes to find trade opportunities. Each search combines a filter to the symbol selection that filters results based on a set of advanced criteria. These are discussed under Advanced Search Filters below.

The screenshot shows the 'New Home Pattern Search' dialog box. The 'Searches' pane on the left lists predefined searches: FOREX (All Intraday), INDEX (All Intraday), NYSE (All Intraday), and US Equities (All Intraday). The 'New Search' button is highlighted with a red box. The 'New Home Pattern Search' dialog box is open, showing the 'Basic Search' section. It includes a 'Search Type' section with radio buttons for 'Group' (selected) and 'Symbol'. The 'Group' dropdown is set to 'AMEX (240min)'. The 'Symbol' dropdown is set to 'Intraday'. The 'Search Name' field contains 'AMEX (240min)'. At the bottom, there are buttons for 'Create Search', 'Cancel', and 'Reset to Defaults'.

To start a new search, click on the '**New Search**' button at the top of the **Search Pane** (near the top left corner of the screen). The first step in creating a search is to specify the symbols to which the scan must be applied.



CREATING AND EDITING A SEARCH

Basic Search (Selecting symbols/instruments)

The Basic Search functionality is also known as “Grouping”. The basic search allows one to choose between selecting a predefined group (usually symbols on a particular exchange or symbols for a particular time granularity) and selecting symbols individually to form a unique portfolio.

New Home Pattern Search

Basic Search

How to use basic search

To create a basic search, please provide a search name and select a search type. Use a the group search type to select all symbols in a group or use the symbol search type to search for individual symbols.

Search Type

☒ Group
☐ Symbol

Search Name

AMEX (240min)

Search Type Dropdown:

- AMEX (240min)
- KCBOT (All Intraday)
- KCBOT (Daily)
- Korea (All Intraday)
- Korea (Daily)
- London Stock Exchange (240min)
- London Stock Exchange (30min)
- London Stock Exchange (60min)
- London Stock Exchange (All Intraday)
- London Stock Exchange (End-Of-Day)
- Metals (Futures) - All Intraday
- Metals (Futures) - Daily
- MGE (All Intraday)
- MGE (Daily)
- MICEX (All Intraday)
- MICEX (Daily)
- NASDAQ (240min)
- NASDAQ (30min)
- NASDAQ (60min)
- NASDAQ (All Intraday)
- NASDAQ (End-Of-Day)

Advanced Search



CREATING AND EDITING A SEARCH

When a new group has been selected, the search name is automatically set to the default name of the group. The search name can be edited or augmented at any time.

Search Type

☒ Group

☐ Symbol

Search Name

To search for specific symbols choose the “Symbol” option on the radio button, add preferred symbols by typing in the name of the Forex pair or other symbols and an auto-complete list will appear and update as one types.

Next, select the relevant time granularity for each symbol and click on the “Add” button to add the symbol to a custom list.

Search Type

☐ Group

☒ Symbol

FOREX | USDCAD | USDCADIntraday

Note: The search name will automatically change to the latest symbol added each time an addition is made to the symbol list.

Search Name

The lower part of the search window provides a text field to enter a name for the search. It changes automatically to the last group that was selected, or the last symbol that was added to a custom list. The name of the search will be displayed in the Search Pane.

The last step in the process of creating a basic search is to click the “Create Search” button at the bottom of the popup window.



CREATING AND EDITING A SEARCH

Advanced Search Filters

To create an “Advanced Search” filter on a new or existing search, select the “Advanced Search” link at the bottom of the basic search options.



The Advanced Search screen will expand with a list of additional criteria to refine a search. Note the three separate tabs for Chart Patterns, Fibonacci Patterns and Key Levels. Each tab displays specific criteria that will refine the search for the selected category of pattern or Key Level.

The selected tab is displayed in a lighter grey, and all the filter criteria relevant to that analysis type can be changed below.

The image shows a screenshot of the "Advanced Search" interface. At the top, there are three tabs: "Chart Patterns", "Fibonacci Patterns", and "Key Levels". The "Chart Patterns" tab is selected and highlighted in a lighter grey. Below the tabs, there are two main sections. The first section is titled "Price Range" and contains two input fields: "Minimum Price" and "Maximum Price". The second section is titled "Direction" and contains three radio button options: "Bull" (with a green upward triangle icon), "Bear" (with a red downward triangle icon), and "Bull & Bear" (with a blue circle icon). The "Bull & Bear" option is selected.

NOTE: Beware not to make the advanced filter criteria too restrictive. It can easily happen that two or three criteria can be made too restrictive and cause the search to end up with an empty result set and message “No Patterns Found “in the Results Pane.

Each set of search criteria will be discussed in separate sections below.

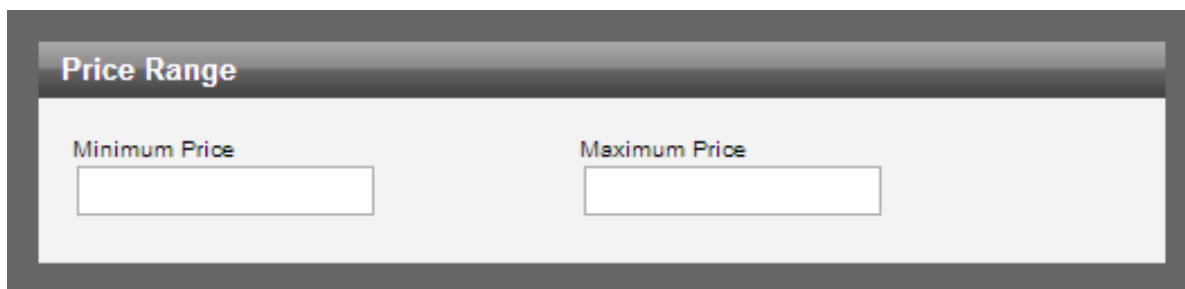


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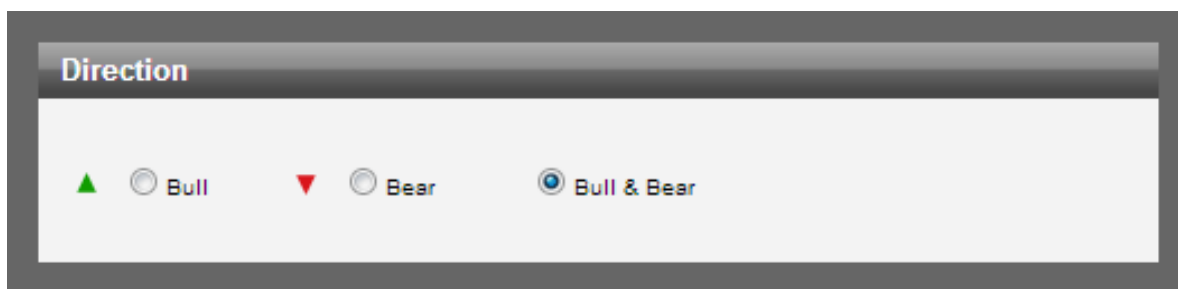
Advanced Filters: Chart Patterns

Price Range

A screenshot of a 'Price Range' filter interface. It features a dark grey header bar with the text 'Price Range' in white. Below the header, there are two white text input boxes. The first box is labeled 'Minimum Price' and the second box is labeled 'Maximum Price'. Both labels are in a small, dark font above their respective input fields.

This functionality is useful for scanning Equities and CFDs. One can define a minimum to maximum price range in the text boxes provided, for example to limit penny stocks or very expensive equities.

Direction

A screenshot of a 'Direction' filter interface. It features a dark grey header bar with the text 'Direction' in white. Below the header, there are three radio button options. The first option is labeled 'Bull' and is preceded by a green upward-pointing triangle icon. The second option is labeled 'Bear' and is preceded by a red downward-pointing triangle icon. The third option is labeled 'Bull & Bear' and is preceded by a blue circle icon with a white dot in the center. The 'Bull & Bear' option is selected, as indicated by the filled blue circle.

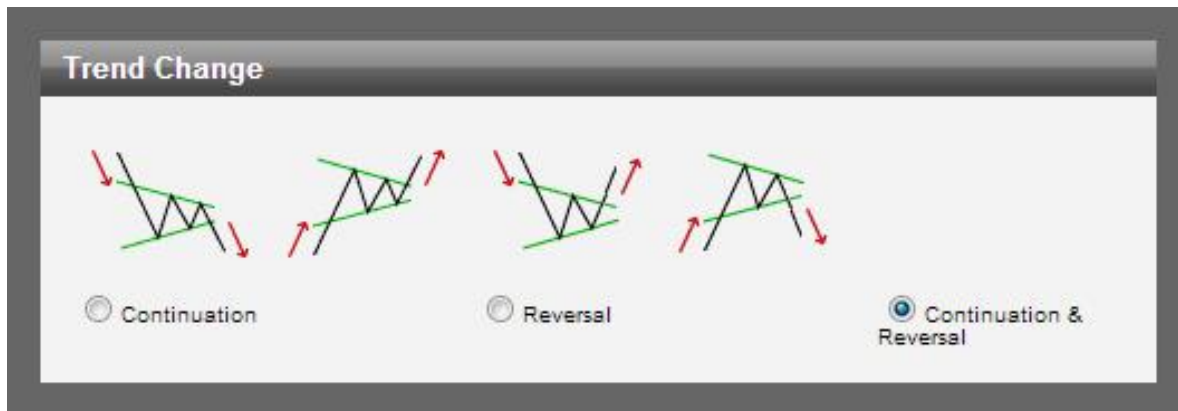
Search results can be filtered according to the direction of the possible outcome of price movement after the pattern is identified. Select a market direction of choice by clicking the applicable radio button.



CREATING AND EDITING A SEARCH

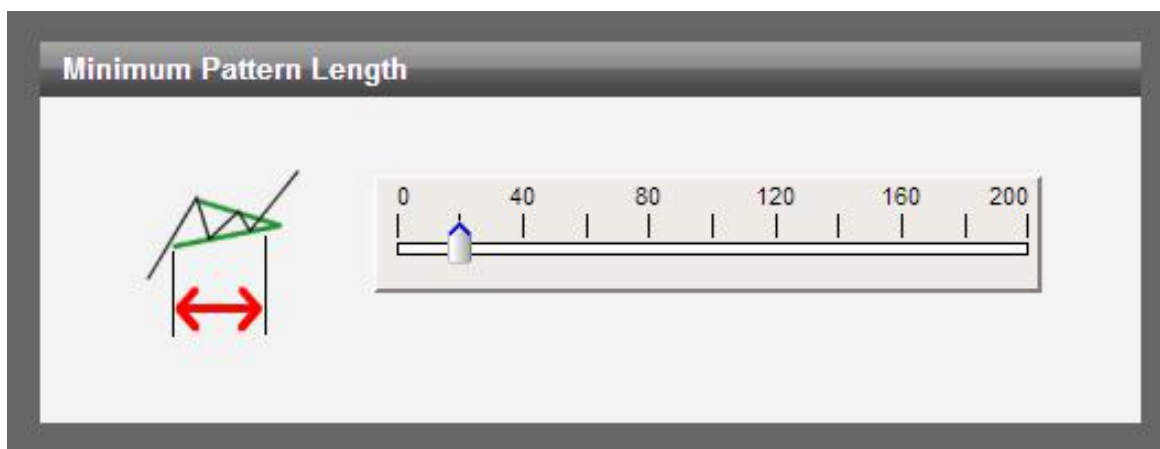
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Trend Change



The forecast price movement after a chart pattern is found would either be in the same direction as the Initial Trend, or in the opposite direction. If the forecast price movement after the pattern follows the same direction as the Initial Trend it is known as a continuation pattern. If it goes in the opposite direction to the Initial Trend it is called a reversal pattern.

Minimum Pattern Length



Pattern length is determined by the number of candles (bars) of the price chart that are contained in the pattern. For example, a pattern length of 30 on a graph with 60 minute bars would mean that the pattern was formed over 30 hours.



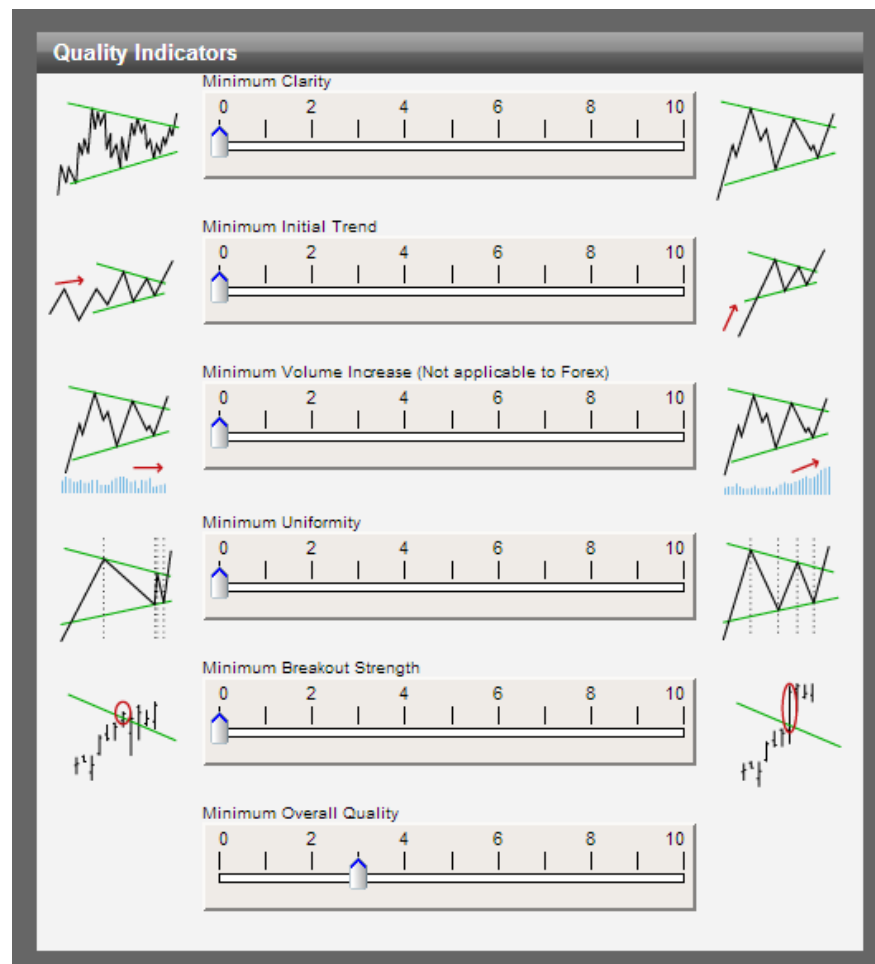
CREATING AND EDITING A SEARCH

Chart Pattern Quality Indicators

Autochartist automatically rates 5 objective indicators to measure the visual quality of Chart patterns: Clarity; Initial Trend; Volume; Uniformity and Breakout strength. **(Disclaimer: Visual Quality is not an assessment of the efficacy of the Chart Pattern, nor the possible profit or loss one can realize from specific trading opportunities)**

Quality indicators reflect the visual appeal of the pattern. A high quality pattern will appear more attractive, well-proportioned and symmetrical. The overall quality measure is the arithmetic average of all other indicators.

Quality is expressed as a number ranging from 0 to 10, where 10 is the best quality and 0 is the poorest. Use the sliders to set the required levels of pattern quality for a search (see image below).



It is important to remember that the settings in this section determine the minimum requirements for quality. A lower threshold would allow more patterns to pass the search criteria. If the requirements are set too high, the search may return very few results or none at all. If all the quality indicator filters are set to zero, no results will be filtered out on quality and all results will be returned.



CREATING AND EDITING A SEARCH

Chapter 3

Overview of Chart Pattern Quality Indicators:

Clarity: Indicates the level of “noise” in the price graph. If there are many spikes in the price movements the clarity will be low.

Initial Trend: The strength of the trend that precedes a pattern. A long, consistent Initial Trend will have a higher rating for this indicator.

Volume: An important indicator that measures the increase in volume during the breakout of a price through support/resistance. Volume is only applicable to exchange-traded instruments (equities, ETFs).


Uniformity: If the points touching the support and resistance lines are more evenly spaced over time, the pattern will have a better Uniformity rating.

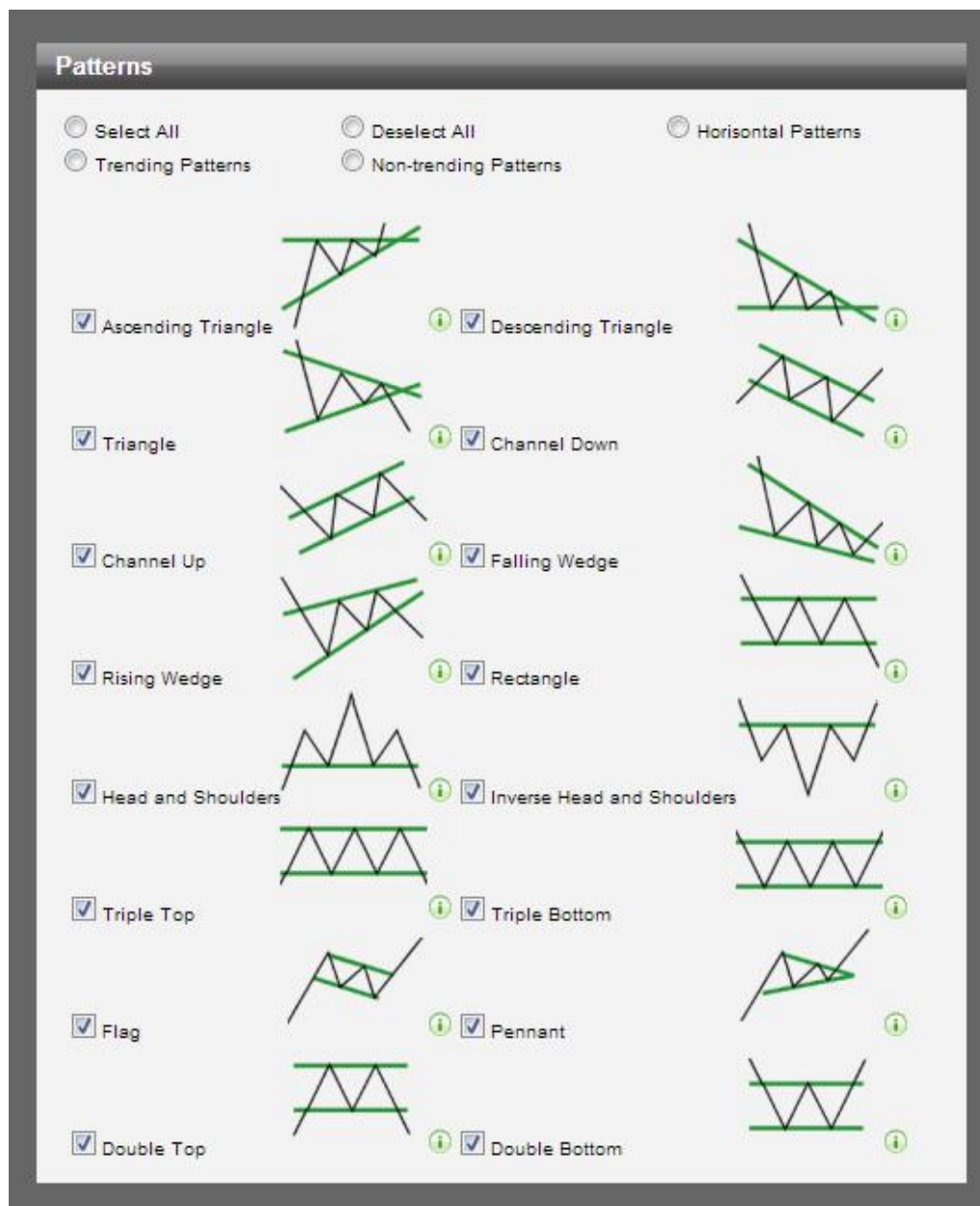
Breakout Strength: The size of the candle with which the price breaks through a support or resistance level



CREATING AND EDITING A SEARCH

Types of Chart Patterns

Autochartist identifies 16 different Chart Patterns. Any of these can be filtered out in the Advanced Filter section of a search. For descriptions of each of these patterns, click on the  icon next to the pattern.

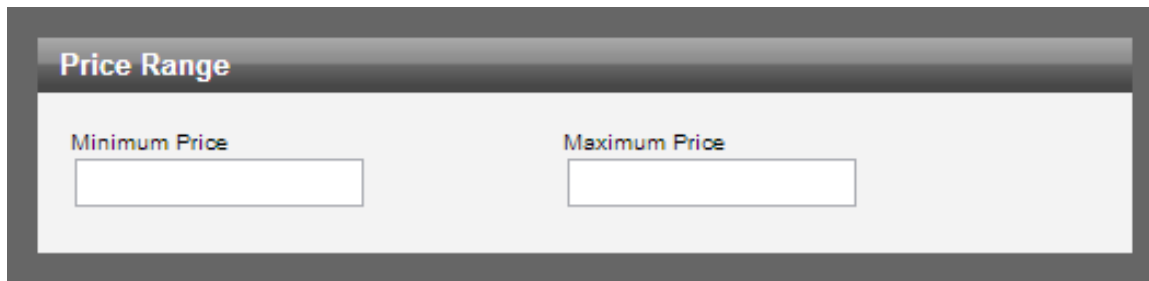


CREATING AND EDITING A SEARCH

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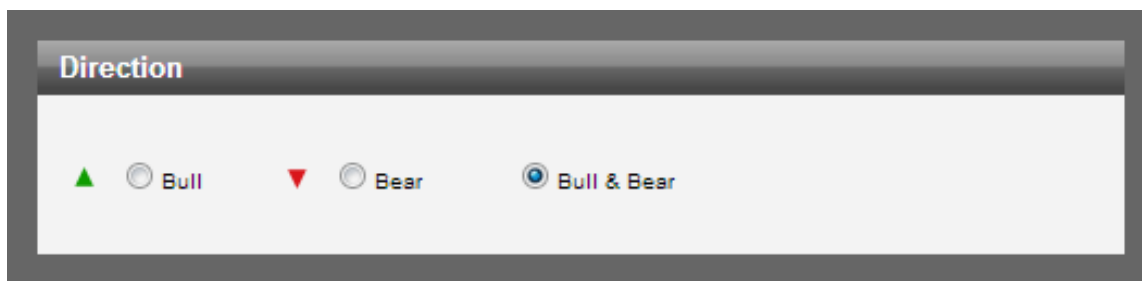
Advanced Filters: Fibonacci Patterns

Price Range

A screenshot of a 'Price Range' filter interface. It features a dark grey header bar with the text 'Price Range' in white. Below the header, there are two text input fields. The first field is labeled 'Minimum Price' and the second is labeled 'Maximum Price'. Both fields are empty and have a light grey border.

This functionality is useful for scanning Equities and CFDs. Traders are able to define a minimum to maximum price range in the text boxes provided, for example to limit penny stocks or very expensive equities.

Direction

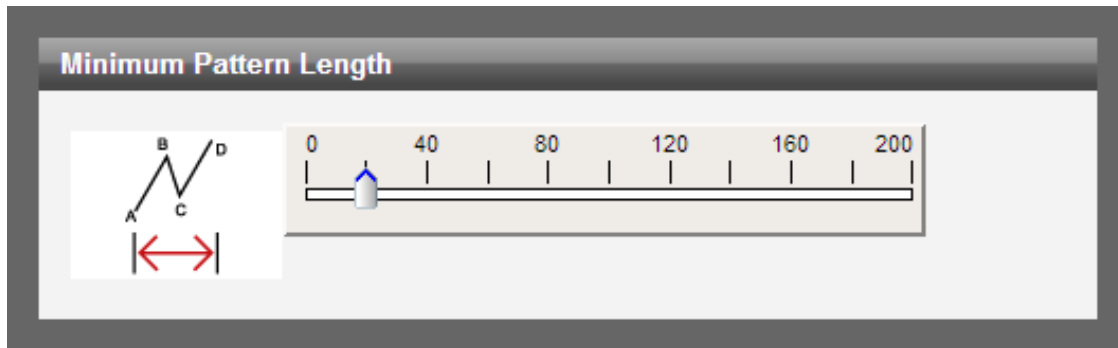
A screenshot of a 'Direction' filter interface. It features a dark grey header bar with the text 'Direction' in white. Below the header, there are three radio button options. The first option is labeled 'Bull' and is preceded by a green upward-pointing triangle. The second option is labeled 'Bear' and is preceded by a red downward-pointing triangle. The third option is labeled 'Bull & Bear' and is preceded by a blue circle with a white dot in the center. The 'Bull & Bear' option is selected, as indicated by the filled blue circle.

Search results can be filtered according to the direction of the forecast price movement after the pattern is identified. Every pattern has either a bullish or bearish outlook. If you are interested only in a particular market direction you can select it here by clicking the applicable radio button.



CREATING AND EDITING A SEARCH

Minimum Pattern Length

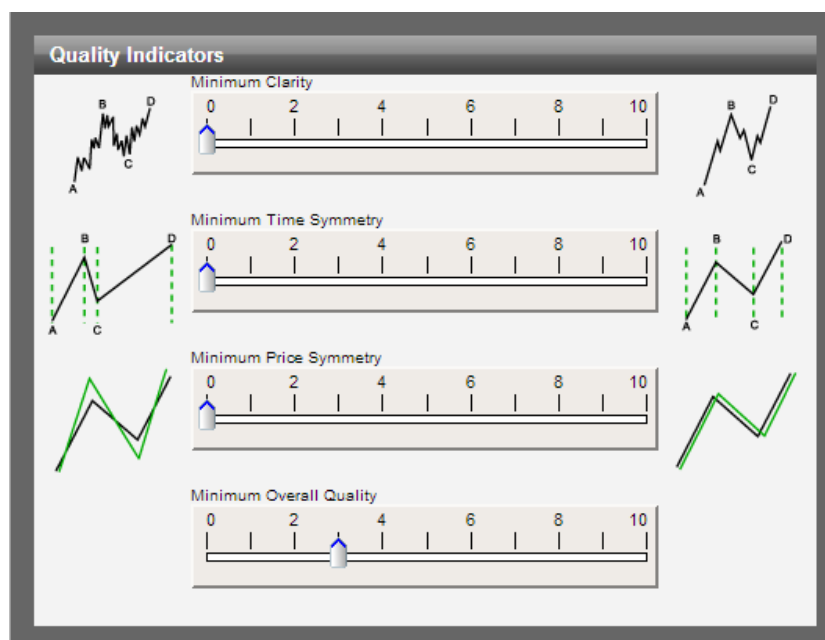


Pattern length is determined by the number of candles (bars) of the price chart that are contained in the pattern. For example, a pattern length of 30 on a graph with 60 minute bars would mean that the pattern was formed over 30 hours.

Fibonacci Pattern Quality Indicators:

Three indicators measure Fibonacci pattern quality. Each Indicator is discussed below. Quality indicators reflect the visual appeal of the pattern. A high quality pattern will appear more attractive, well-proportioned and symmetrical. The overall quality measure is the arithmetic average of all other indicators.

Quality is expressed as a number ranging from 0 to 10, where 10 is the best quality and 0 is the poorest. Use the sliders to set the required levels of pattern quality for a search (see image below).



CREATING AND EDITING A SEARCH

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Clarity

Indicates the level of “noise” in the price graph. If there are many spikey movements in the price movements the clarity will be low.

Time Symmetry

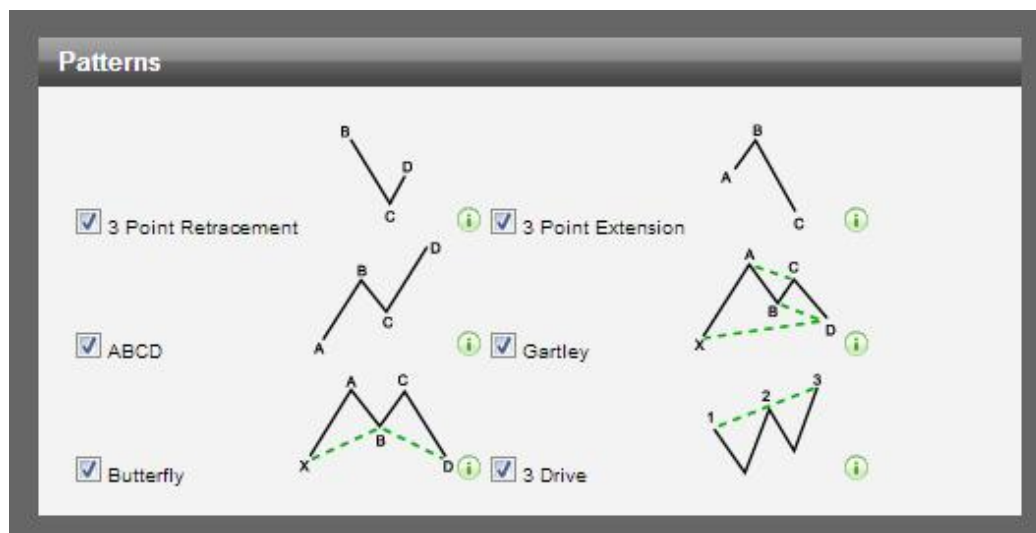
The degree to which time differences between turning points follow the same Fibonacci ratios found in price levels.

Price Symmetry

Price Symmetry is the degree to which the identified ratios match the theoretical Fibonacci ratios, within some margin of error. Therefore, the smaller the margin of error, the higher the Price Symmetry.

Fibonacci Pattern Types

Autochartist identifies six different Fibonacci patterns. Any of these can be filtered out in the Advanced Filter section of a search. For descriptions of each of these patterns, click on the icon next to the pattern.



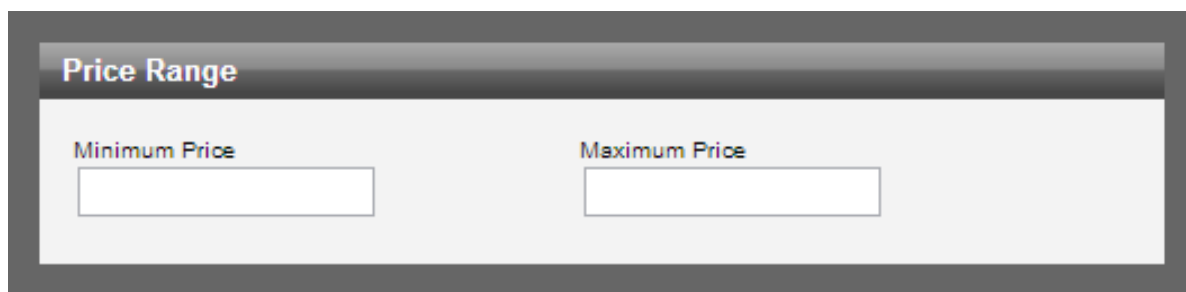
CREATING AND EDITING A SEARCH

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Advanced Filters: Key Levels

Chart patterns, Fibonacci Patterns and Key Levels are accompanied by their own set of unique search criteria. Each section is described below.

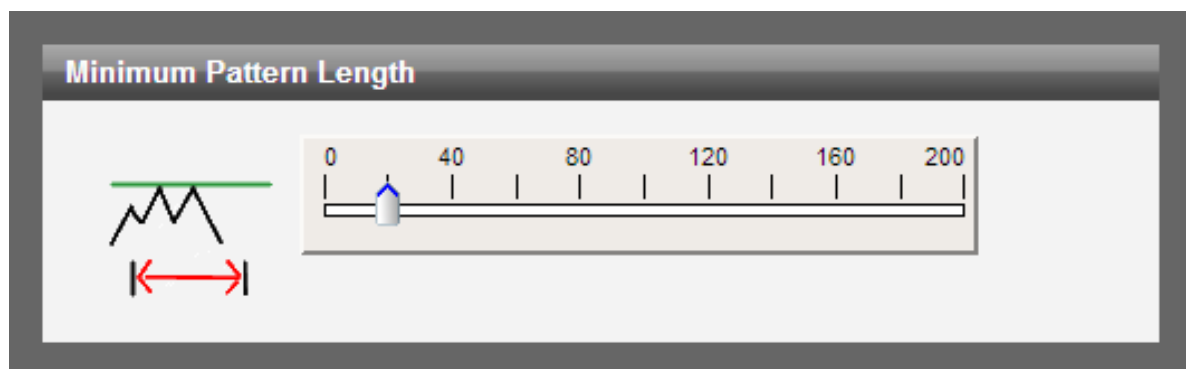
Price Range



The 'Price Range' filter interface consists of a dark grey header bar with the title 'Price Range' in white. Below the header is a light grey rectangular area containing two text input fields. The first field is labeled 'Minimum Price' and the second is labeled 'Maximum Price'.

This functionality is mainly useful for scanning Equities and CFDs. Traders can define a minimum to maximum price range in the text boxes provided, for example to limit penny stocks or very expensive equities.

Minimum Pattern Length



The 'Minimum Pattern Length' filter interface features a dark grey header bar with the title 'Minimum Pattern Length' in white. Below the header is a light grey area. On the left, there is a small diagram of a price chart with a zigzag pattern and a red double-headed arrow indicating the length of the pattern. To the right of the diagram is a horizontal slider control. The slider has a scale from 0 to 200 with major tick marks at 0, 40, 80, 120, 160, and 200. A blue slider knob is positioned at the 0 mark.

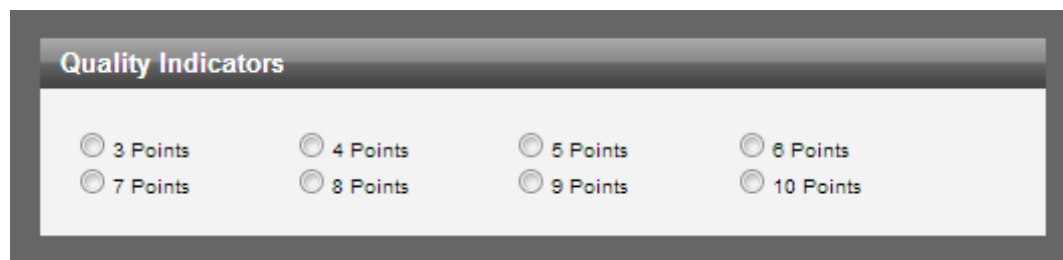
Pattern length is determined by the number of candles (bars) of the price chart that are contained in the pattern. For example, a pattern length of 30 on a graph with 60 minute bars would mean that the pattern was formed over 30 hours.



CREATING AND EDITING A SEARCH

Quality Indicators

Key Levels have one assessment of possible significance of the identified level - this is a measure of the number of points where the price graph touches the support or resistance level and thus confirms it.

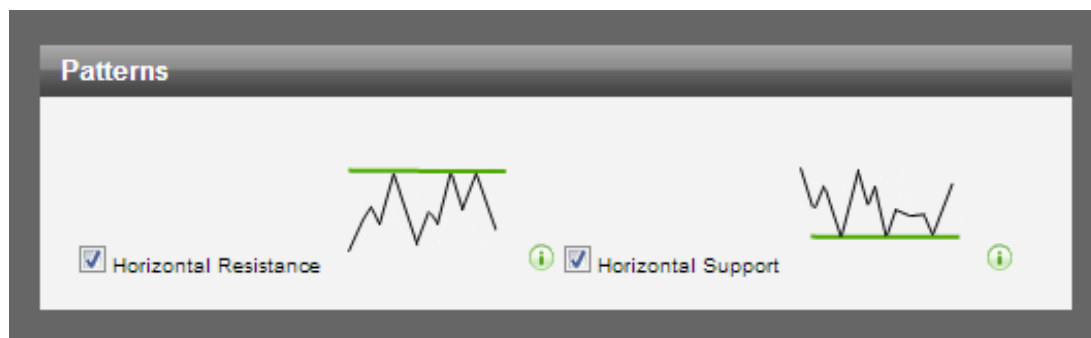


A panel titled "Quality Indicators" with a dark header. Below the header, there are eight radio buttons arranged in two rows of four. The first row contains "3 Points", "4 Points", "5 Points", and "6 Points". The second row contains "7 Points", "8 Points", "9 Points", and "10 Points". The "3 Points" option is selected, indicated by a filled circle.

By default, any Key Level will have at least 3 touching points, but this set of radio buttons allows traders to select a higher minimum number of touching points to filter on. Note that the higher number this filter is set to, the fewer results will be displayed.

Key Level Pattern Types

There are only two types of Key Levels – Support and Resistance. Horizontal Support is a low price level that is tested and touched from above, while Horizontal Resistance is a price ceiling that is tested and touched from below and broken through in a bullish direction.



A panel titled "Patterns" with a dark header. Below the header, there are two checkboxes. The first checkbox is checked and labeled "Horizontal Resistance", with a line graph showing price touching a horizontal line from below. The second checkbox is checked and labeled "Horizontal Support", with a line graph showing price touching a horizontal line from above. Each checkbox has a green information icon to its right.



EMERGING VS. COMPLETE RESULTS

Chapter 4

This is a brief overview of emerging patterns, what they mean, and how they become completed patterns.

Emerging Chart Patterns:



Emerging chart patterns provides one with early notification of potential trading opportunities. They represent fully formed patterns that only need price to break through support or resistance in order to complete.

As soon as price breaks through the anticipated level of support or resistance, the emerging pattern is expired and a completed pattern presented as a trading opportunity.

Many emerging patterns do not complete however, and this usually means that the price has not continued moving in the direction of support or resistance where the breakout for completion was expected. If a new turning point forms between the support and resistance levels before breaking out, the emerging pattern will expire.



EMERGING VS. COMPLETE RESULTS

Emerging Fibonacci Patterns:



Emerging Fibonacci patterns are slightly more convoluted, as there is more than one hypothetical condition that needs to occur for the pattern to complete.

The setup for an emerging Fibonacci pattern has a theoretical final turning point set at a particular price level, indicated by a pink dot on the graph. For the pattern to complete, price not only has to reach that level, but it has to find support/resistance at that level and retrace in the opposite direction.

If either the price does not reach the target level, or it does not turn around at that level, the pattern will expire.



DISCLAIMER

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