

# SMT Divergence



SMT Divergence serves as a confirmation tool for identifying Accumulation/Distribution phases in trading. It is not typically used as an entry pattern on its own. By observing SMT Divergence, traders can gain insights into potential Stop Hunts in the market and make more informed decisions.

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## WHICH PAIR TO CHOOSE FOR TRADING?

As traders, we need activity in the markets, volatility is what makes trading easier. The news plays a significant role in contributing to market activity, so we typically start the trading day by checking the economic calendar.

| This Week: Jul 23 - Jul 29 |         |          |        |                                |        |        |          | Up Next  | Search Events |   |
|----------------------------|---------|----------|--------|--------------------------------|--------|--------|----------|----------|---------------|---|
| Date                       | 8:38pm  | Currency | Impact |                                | Detail | Actual | Forecast | Previous | Graph         |   |
| Sun Jul 23                 | All Day | EUR      | 📅      | Spanish Parliamentary Election |        | 📅      |          |          |               |   |
| Mon Jul 24                 | 3:15am  | EUR      | 🇫🇷     | French Flash Manufacturing PMI |        | 📅      | 44.5     | 46.1     | 46.0 ↑        | 📊 |
|                            |         | EUR      | 🇫🇷     | French Flash Services PMI      |        | 📅      | 47.4     | 48.5     | 48.0          | 📊 |
|                            | 3:30am  | EUR      | 🇩🇪     | German Flash Manufacturing PMI |        | 📅      | 38.8     | 40.9     | 40.6 ↓        | 📊 |
|                            |         | EUR      | 🇩🇪     | German Flash Services PMI      |        | 📅      | 52.0     | 53.2     | 54.1          | 📊 |
|                            | 4:00am  | EUR      | 📅      | Flash Manufacturing PMI        |        | 📅      | 42.7     | 43.5     | 43.4 ↓        | 📊 |
|                            |         | EUR      | 📅      | Flash Services PMI             |        | 📅      | 51.1     | 51.7     | 52.0 ↑        | 📊 |
|                            | 4:30am  | GBP      | 🇬🇧     | Flash Manufacturing PMI        |        | 📅      | 45.0     | 46.1     | 46.5 ↓        | 📊 |
|                            |         | GBP      | 🇬🇧     | Flash Services PMI             |        | 📅      | 51.5     | 53.1     | 53.7          | 📊 |
|                            | 9:45am  | USD      | 🇺🇸     | Flash Manufacturing PMI        |        | 📅      | 49.0     | 46.1     | 46.3          | 📊 |
|                            |         | USD      | 🇺🇸     | Flash Services PMI             |        | 📅      | 52.4     | 54.0     | 54.4 ↓        | 📊 |

### Symmetrical Correlation



Crypto market - (BTC - ETH)

Forex - (EUR - GBP)  
(DXY - USD/XXX)

Indices - (ES - NQ - YM)

### Inverse Correlation

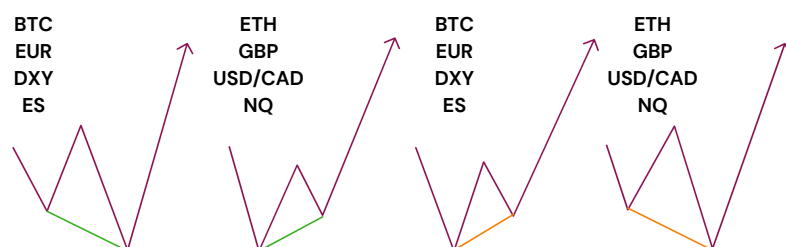
Crypto market - (BTC - DXY)

Forex - (DXY - EUR)  
(DXY - XXX/USD)

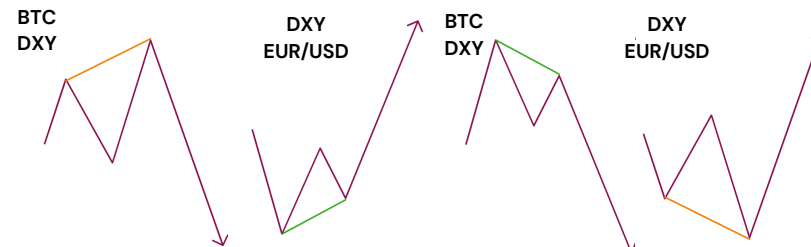
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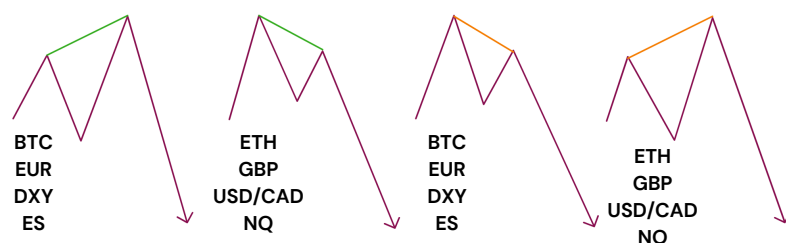
### Symmetrical Correlation - Bullish



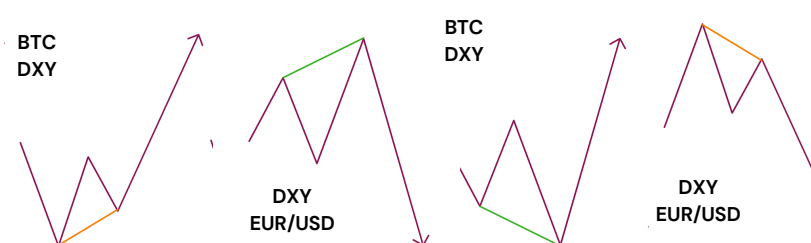
### Inverse Correlation - Bullish



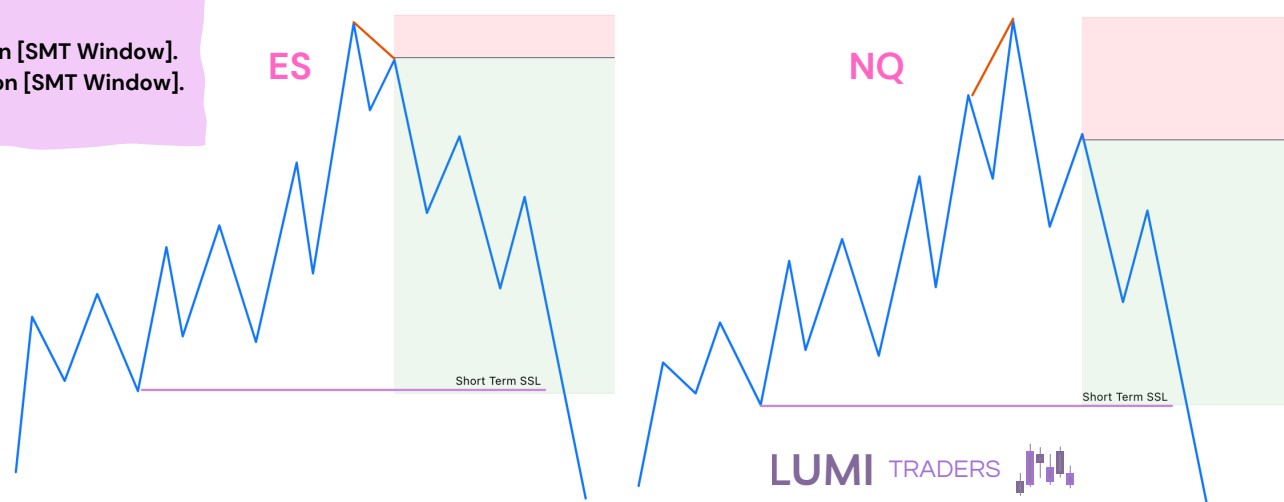
### Symmetrical Correlation - Bearish



### Inverse Correlation - Bearish



\*05:00am to 9:30am - AM Session [SMT Window].  
\*01:00pm to 03:00pm - PM Session [SMT Window].



However, it's essential to note that if there's a scheduled news release on the GBP (British Pound), it doesn't automatically imply that GBPUSD will be more preferable than EURUSD, for example. Market dynamics are influenced by various factors, and it's crucial to consider technical analysis, market sentiment, and so on before making a trading decision.

The logic is that pairs that are closely correlated with each other are likely to move in a symmetrical manner.

However, during the formation of SMT divergences, one of the pairs will display strength or weakness, signaling an approaching high volatility for that particular pair. For instance, if ES reaches a new high, while YM or NQ fails to do so (showing weakness), it suggests a potential trading opportunity. In this scenario, one may consider opening short positions on YM/NQ.

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