**Second Indicator – MACD**

Moving Average Convergence Divergence (MACD) is a trend following momentum indicator that shows the relationship between two moving averages of a market price. MACD consist of MACD line and Signal Line. MACD line is achieved from the difference between the Fast Exponential Moving Average (EMA) and the Slower MACD, with the default of 12-day EMA and 26-day EMA. Meanwhile the Signal line is a difference between the slow EMA and a signal EMA, which is 9-day EMA as a default. Traders may buy the security when the MACD crosses above its signal line and sell, or short, the security when the MACD crosses below the signal line.

MACD is used simultaneously with RSI because similar to RSI, the MACD indicator also measure momentum in market. However, MACD measure different factors than RSI that calculates average price gains and losses over a given period, so that MACD and RSI could give a different result. By using both indicators simultaneously, MACD is expected to negate the limitations of the RSI which may difficult to differentiate between true reversal from false alarms.