Vanilla ABCD Pattern

alexgrover WIZARD Nis 1, 2020

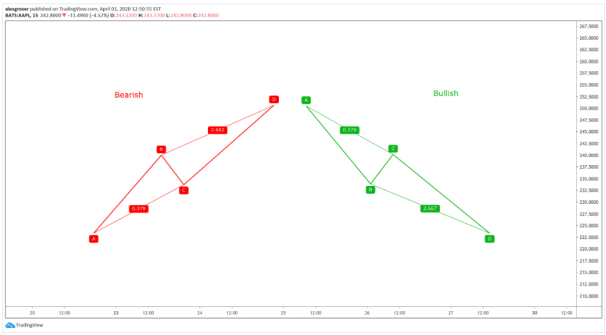
Trend Analysis | Candlestick Analysis | pattern | AB=CD | candle

16 1441

Patterns makes parts of the many predictive tools available to technical analysts, the most simples ones can be easily detected by using scripts. The proposed tool detect the simple (vanilla) form of the ABCD pattern , a pattern aiming to detect potential price swings. The script can use an additional confirmation condition that aim to filter potential false signals.

ABCD PATTERN

The ABCD pattern is not meant to be detected by analyzing individuals closing price observations but by analyzing longer term movements, this is done by using tools such as zig-zag . Like any pattern the ABCD one comes in different flavors, the simplest being based on the following structures:



Once price reach D we can expect a reversal. The classical pattern has the following conditions : *BC = 0.618*AB and CD = 1.618*AB*, as you can see this condition is based on 0.618 which is a ratio in the Fibonacci sequence. Other conditions are for AB to equal to CD or for CD to be 161.8% longer than AB. Why these conditions ? *Cause Fibonacci of course*.

The ABCD pattern that the proposed tool aim to detect is not based on the zig-zag but only on individual price observations and don't make use of any of the previously described conditions, thus becoming more like a candle pattern.

When the label is blue it means that the tool has detected a bullish ABCD pattern, while a red label means that the tool has detected a bearish ABCD pattern.

We can't expect patterns based on the analysis of 1,2,3 or 4 closing price observations to predict the reversal of mid/long term movements, this can be seen on the above chart, but we can see some signals predicting short term movements.

Since the pattern is based on a noisy variation, using smoother input can result in less signals.

Above the tool on BTCUSD using closing price as input. Below the tool using ohlc4 as input:

TOOL OPTIONS

Being to early can be as devastating as being to late, therefore a confirmation point can be beneficial, the tool allow you to wait for confirmation thus having a potentially better timing. Below is a chart of AMD with no confirmation:

As we can see there are many signals with some of them occurring to early, we can fix this by checking the confirmation option:

The confirmation is simply based on the candle color, for example if a bearish ABCD pattern has been detected in the past and the closing price is greater than the opening price then the tool return a buy signal. The same apply with a bearish ABCD pattern.

The "last bar repaint" option is true by default, this in order to show the bar where the D point of the pattern has been detected, since the closing price of the last bar is constantly changing the signals on the last bar can be constantly appearing/disappearing, unchecking the option will fix this but will no longer the bar where the D point of the pattern has been detected.

SUMMARY

The pattern is simple and can sometimes be accurate when predicting the direction of future short terms movements. The tool was a request, as it seems I don't post many pattern detectors, well thats true, and the reason is that for me patterns are not super significant, and their detection can be extremely subjective, this is why simple patterns are certainly the only ones worth a look.

Don't expect me to post many pattern related indicators in the future ^^'

Patreon: https://www.patreon.com/alexgrover

Become a Patreon and get access to exclusive technical indicators!

You can also check out some of the indicators I made for luxalgo : https://www.tradingview.com/u/LuxAlgo/#published-scripts

Twitter Website

Açık kaynak kodlu komut dosyası

Gerçek TradingView ruhuyla, bu betiğin yazarı, yatırımcının anlayabilmesi ve doğrulayabilmesi için onu açık kaynak olarak yayınladı. Yazarın eline sağlık! Bunu ücretsiz olarak kullanabilirsiniz, ancak bu kodun bir yayında yeniden kullanımı Kullanım Koşulları ile yönetilir. Bir grafikte kullanmak için favorilere ekleyebilirsiniz.

Feragatname

Bilgiler ve yayınlar, TradingView tarafından sağlanan veya onaylanan finansal, yatırım, işlem veya diğer türden tavsiye veya tavsiyeler anlamına gelmez ve teşkil etmez. Kullanım Şartları'nda daha fazlasını okuyun.

Bu komut dosyasını bir grafikte kullanmak ister misiniz?

★ Favori göstergelere ekle

```
// This source code is subject to the terms of the Mozilla Public License 2.0 at https://mozilla.org/MPL/2.0/
// © alexgrover

//@version=4
study("Vanilla ABCD Pattern",overlay=true)
src = input(close),cnd = input(false,"Confirmation")
bar = input(true,"Last Bar Repaint")
//----
up = src[3] > src[2] and src[1] > src[2] and src < src[2]
dn = src[3] < src[2] and src[1] < src[2] and src > src[2]
os=0,os := up ? 1 : dn ? 0 : os[1]
f=0,f := os == 1 and close > open ? 1 : os == 0 and close < open ? 0 : f[1]
d = cnd ? change(f) : change(os)
//----
plotshape(d == 1,"Up",shape.labelup,location.belowbar,
  #2196f3,0,bar?0:1,text="↗",textcolor=color.white)
plotshape(d == -1,"dn",shape.labeldown,location.abovebar,
  #ff1100,0,bar?0:1,text="↘",textcolor=color.white)
```

Yorumlar

Yararlı veya teşvik edici bir yorum bırakın. Piyasalara birlikte hakim olalım

Alkışlarla yorum | Yorum Paylaş

Cryp0Crypt0 PREMIUM · Nis 3, 2020

BRAVO GREAT JOB
YOU RE PUSHISHING AGAIN AND AGAIN ....

THANKS A LOT

PS may be you'll love this wellknown poem

Baudelaire : L'Albatros

Le Poète est semblable au prince des nuées
Qui hante la tempête et se rit de l'archer ;
Exilé sur le sol au milieu des huées,
Ses ailes de géant l'empêchent de marcher.

poème extrait des "Fleurs du Mal"

+2 Cevap Gönder

alexgrover WIZARD · Nis 3, 2020

@Cryp0Crypt0, Thx for your comment. Altho I haven't published in an entire week before the PVNO. And thank you for sharing the magnificence of Baudelaire :) Its great to sometimes see some poesy in a comment section.

+2 Cevap Gönder

Cryp0Crypt0 PREMIUM · Nis 30, 2020

@alexgrover, ;)
stronger together

+2 Cevap Gönder

aipowertrader PRO+ · Nis 3, 2020

Nice bit of work Alex, thanks.

+1 Cevap Gönder

alexgrover WIZARD · Nis 3, 2020

@aipowertrader, Thx for the support ^^

Cevap Gönder

LonesomeTheBlue WIZARD · Nis 2, 2020

Looks good and promising. well done.

+1 Cevap Gönder

alexgrover WIZARD · Nis 2, 2020

@LonesomeTheBlue, Glad to hear it, thx for your comment ^^

Cevap Gönder

ICEKI PREMIUM · Nis 2, 2020

Hi Alex, I do agreed your point of view in the final summary. I personally also like to detect ABCD pattern for future movement but the accuracy is relatively low. In order to make it more accurate we must enhance our approach for adding some others analysis like harmonic pattern etc...

However still very appreciated your works and also thanks to those people who requested.

Thanks Alexgrover <3

+1 Cevap Gönder

alexgrover WIZARD · Nis 2, 2020

@ICEKI, Thx for your feedback, for me harmonic patterns don't hold much predictive value, but since I don't have much to do (actually thats wrong) I felt like accepting that request. Thx for your support as always, greatly appreciated.

Cevap Gönder

Pratik_4Clover · Nis 1, 2020

Looks nice ^^

+1 Cevap Gönder

alexgrover WIZARD · Nis 2, 2020

@Owl, Thats a good thing ^^ Thx for the support.

Cevap Gönder

zeynel4748 · Kas 24, 2021

THANKS BRO

Cevap Gönder

Noldo · Tem 12, 2020

Masterpiece!

Cevap Gönder

sg_raman · May 3, 2020

Excellent work

Cevap Gönder

dsaidasi · Nis 2, 2020

I think ,maybe dont use close,use highest,lowest,highest,lowest,

Cevap Gönder

alexgrover WIZARD · Nis 2, 2020

@dsaidasi, you can use external outputs from the indicator settings ^^

+1 Cevap Gönder