TRADING LEGACY



BOOM $ CRASH INDICES
EMOTIONAL FREE TRADING STRATEGY
CATCHING SPIKES $ RIDING THE REVERSALS

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DISCLAMER

Trading and investing offers large potential rewards as well as significant financial risks, you can lose all your investment or capital. You should be aware of the risks and be prepared to accept them when they happen. Don't trade with funds you can't afford to suffer a loss of, don't trade with borrowed money. I'am neither a financial consultant nor an investment advisor. You should be aware of all the risks associated with trading on margin.

The past performance of any trading system or method is not necessarily indicative of future results.

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" Is not wisdom calling out?
Is not discernment raising its voice?
Take my discipline instead of silver , and knowledge
Rather than the finest gold."

Proverbs 8:1,10

" To be great is to be misunderstood."

Ralph Waldo Emerson

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"You've got to learn how to fall, before you learn to fly."

Paul Simon

1. INTRODUCTION

The broker known as Binary.com is the only one who offers Synthetic indices Account, which are Volatility, Boom and Crash indices. But we are not going to talk about Volatility indices in this Pdf, we will focus on Boom and Crash indices which is the heart of this book.

Crash and Boom indices have an unusual movements. Because they are just the stimulation of the real markets movements, which is Forex, Stock, etc.

The main purpose for writing this strategy is not about the MACD indicator, but is to educate you about Divergence which is a deadly strategy when spotted. But you will learn in detail about MACD dirty secrets aswell, because you can spot Divergence by combining price and MACD.

These Synthetic indices can be traded on MT5 platform with only Binary.com Broker like prior mentioned. So if you have not opened a trading account yet, please click on the link below which will direct you to the site and you can create your trading account and start practicing on Demo Account with Virtual money.

CLICK DOWN BELOW ON THE LINK TO REGISTER:-

HTTPS://ACCOUNTS.BINARY.COM/...

THIS STRATEGY WORKS WITH ANY TIME FRAME!!!..

" By skillful direction, you will wage your war,,,"

Proverbs 24;6

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2. ADVICE TO NEW TRADER

Hello my fellow brother and sister, if you are new to trading any financial instrument, to the best of my knowledge, if you have no idea about price action, please, please, I advise you to atleast learn about price action and those support and resistance levels. For they are very important to your trading career. But this Strategy is not about price action, because I believe anyone who is reading this has gone through a melancholy of finding a holy grill strategy, and you might have passed through price action at one point or the other, but this isnt a holy grill. Rome wasn't built in one day, so be patient and study it systematically.

So if you have an idea about price action let's go ahead then, and if you don't have an idea about price action but you feel and believe that what is in this Pdf which is Divergence and MACD will beautify your trading abilities in Crash and Boom, again let's go ahead then. Either way it's fine, because you can trade Divergence without proper knowledge about price action. But you must find time to learn about it. Someday it will help.

If you are interested in learning price action, don't hestitate to email me at tradinglegacy11@gmail.com or

contact me on Telegram username @tradinglegacy11

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" Plans fail when there is no consultation,,,"

Proverbs 15:22

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3. REVEALING MACD

Moving Average Convergence Divergence commonly known as MACD, it's a trend following indicator or oscillator used to spot divergences in price movement.

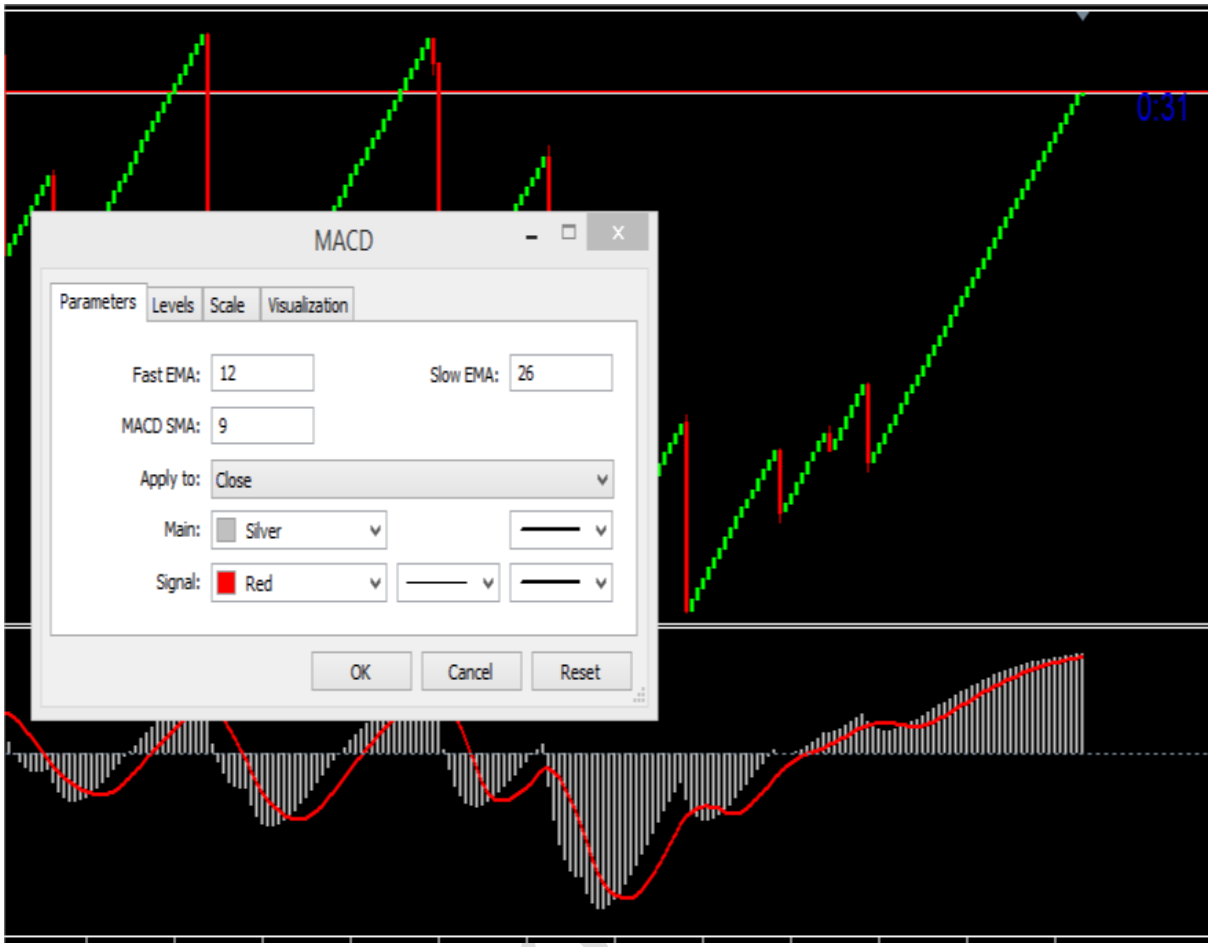
It was created by Gerald Appel in the late 1970s. It was designed to reveal changes in the strength, direction, momentum, and duration of a trend in a stock market.

It's a lagging indicator, meaning it reacts or gives a signal after price has already confirmed it's direction. So as such, when using MACD, you will less likely be finding yourself in traps which are false signals when trading.

Because of it's smooth and clean appearance, it is easy to read and you can catch divergences with an ease and swiftly. Below is a picture of MACD and its default settings.



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In figure 1 and 2 Above, that's MACD and its default settings, we don't change it's settings unless you wanna do whatever I don't know. I hope you are able to see the picture above, if you ain't, no worry, still more pictures are coming.

Now let's go on and ideintify MACD's parts. Because that's the first important ability you need to possess before deeping into real analysis, hold on Mathematicians!, I know your thoughts, This isn't Pure Mathematics. Lol!.

MACD Default settings are :- Fast EMA 12

Slow EMA 26

MACD SMA 9

Apply to Close

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Main	Silver
Signal	Red

When you open your MACD window, you will see that it is divided into two windows separated by zero line on your right hand corner. There is an upper window which has a positive sign and I call it a Bulls window and a lower window with a negative sign and I call it a Bears window. And lastly there is a red line passing through the white bars which are like histograms, I call that red line as signal line and the white bars or histograms I call them zones. So the zones in the upper window or positive window I call them Bullish zones and the ones in the down window or negative window as bearish zones just to distinguish them nicely and easily. I guess the metaphors aint awkward and confusing. Lol!.

Look at the figure 3, below



I hope you understand and you are able to see what I have wrote on the photo.

Now lets jump into business.

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“ Commit to Jehovah God whatever you do, and your plans will succeed.”

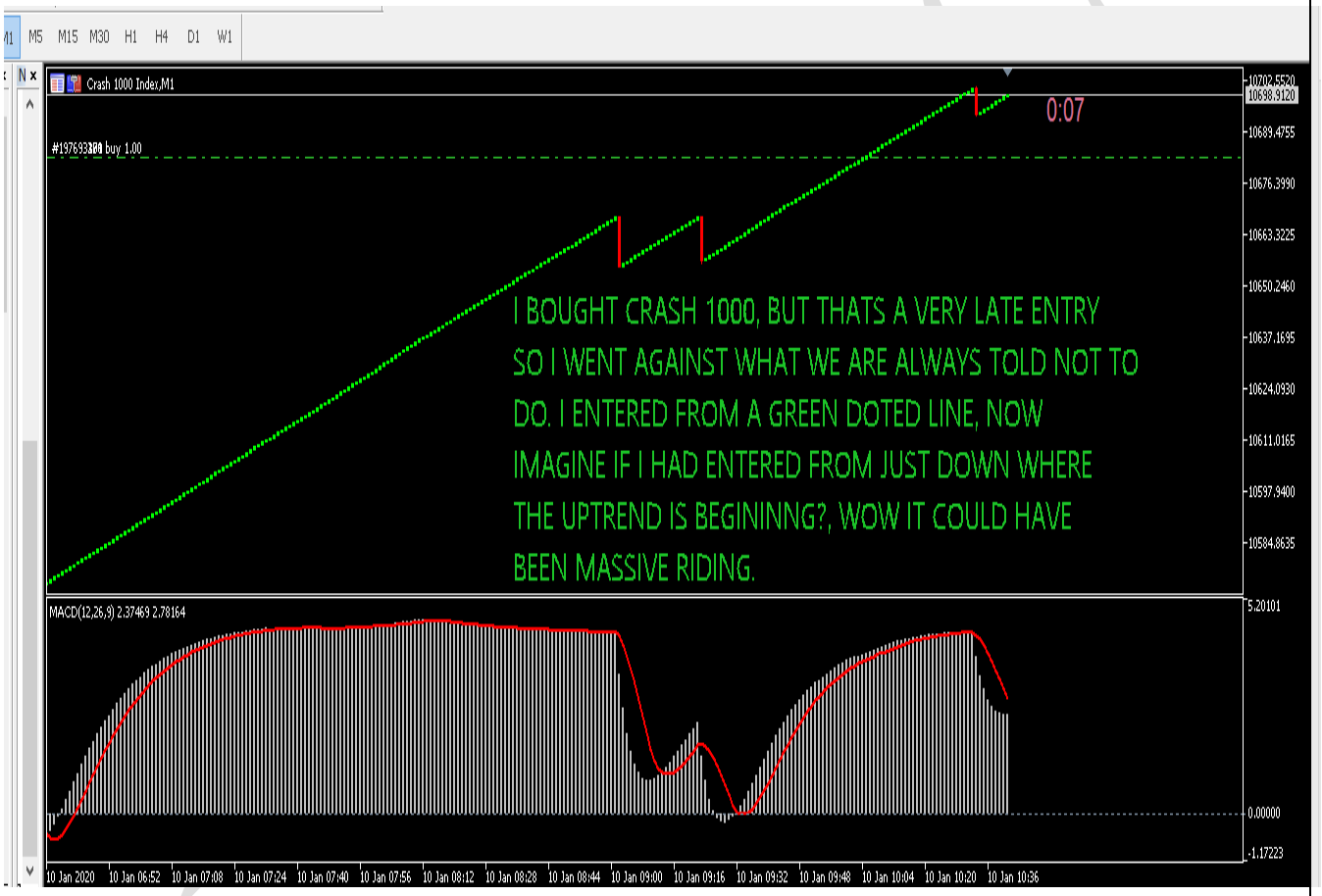
Proverbs 16;3

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4. HOW TO TRADE USING MACD

Firstly, let's recap. We have always being told not to sell boom and not to buy crash. But we are always told to buy Boom Spikes and sell Crash Spikes that's all. Yeah that's quite true, we buy spikes in Boom and we sell Spikes in Crash. But what about those reversals we see in Boom going down after every Spike(Boom) and in Crash going up after every spike(Crash)?, why are we told not to trade them, is their not a way?. Probably there is a way. Let's check it out. First look at the picture below,



Wow1, wow!, wow!, damn!, if you were busy lagging waiting for spikes like a lagging indicator then my dear you could have missed all that free money. So now let's see how we trade that before we go to spikes trading.

i. ZONE IN AND OUT SUB TRADING STRATEGY

(a) CRASH 500/1000

(i) WHEN TO BUY THE REVERSAL OF CRASH BASED ON MACD

CASE 1,

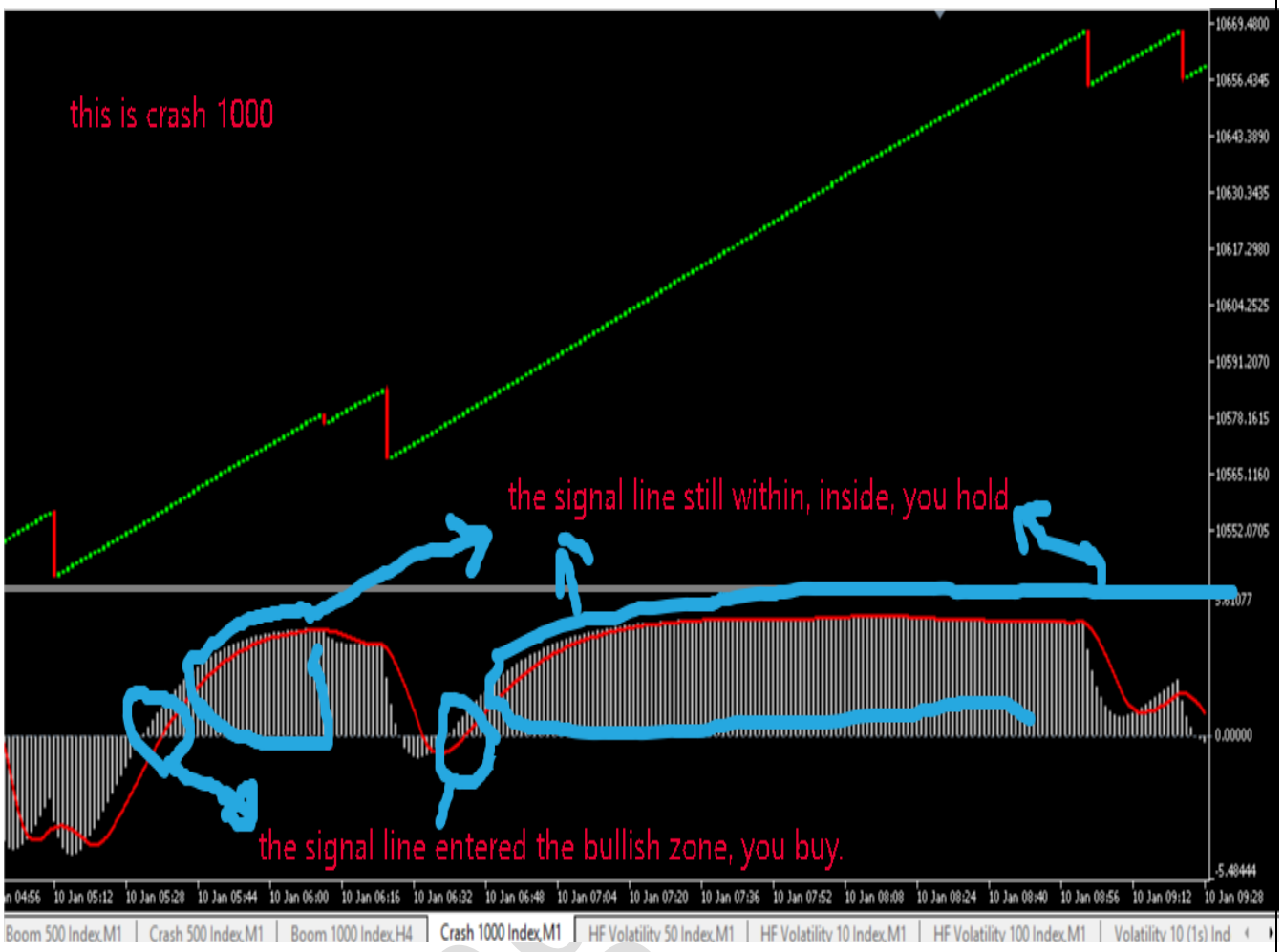
Buy the reversals of Crash when MACD is forming the upper histogram or bullish zone in the Bulls window and at the same time the signal line is very nearer to enter that bullish zone or when the signal line has entered the bullish zone, then my friend, hold for as long as the white bars within the bullish zones are constantly gaining momentum or getting bigger and bigger going up and the signal line is still within or inside the bullish zone. What do I mean by whole that?, lets see picture below.

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" Find Something you really love, and let it kill you."

Fundamental Pip Lord

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Wow!, hope you have gotten the clear picture now. And one thing I could have forgotten to mention, always when you open your trading platfom, go to H4 or H1 and check the direction of the market if it's uptrend or downtrend. You can do that by zooming out the chart then you will be able to identify what the trend is, what do I mean?,zooming out is looking at an object from a far distant whereby it's looking small to your eyes. lets check the picture below,

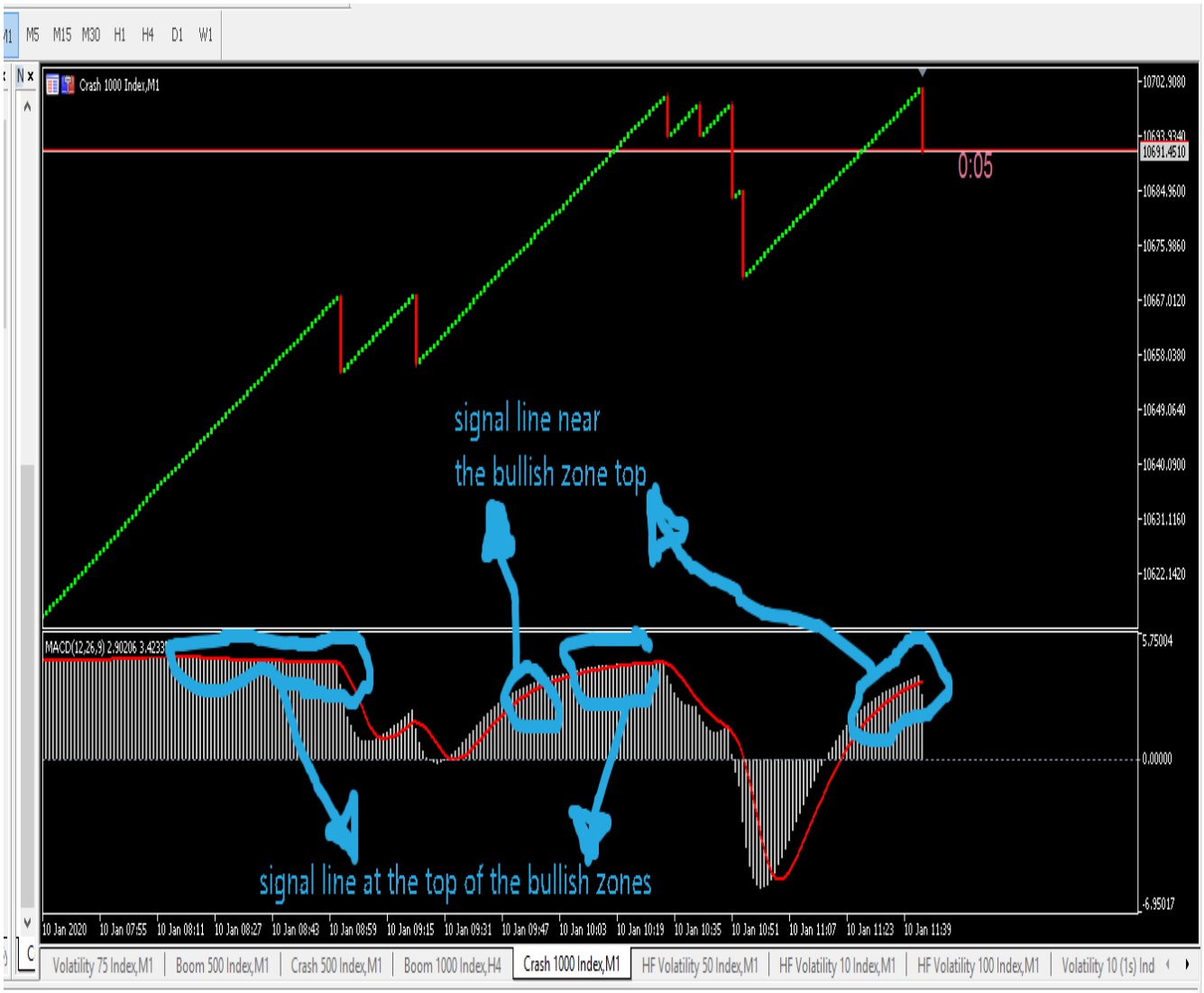
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So as you can see I zoomed out my H4 chart and I can see that the current trend direction in Crash 1000 its downtrend. I have even drawn the lines to help me see that. Now you will know what will mostly be happening, so there will be more sells for Crash than buys, since it's a downtrend, so when you see the trend, anchor that in your mind.

To resume what I was saying above. When you see that the signal line is approaching the top or tip of the histogram or bullish zone,take caution, that means momentum will either start decreasing or will be constant, leveling soon. So when you see that, you can either wait for the signal line to reach the top or tip of the bullish zone or you can take profits when

just the signal line its nearer to the top of the bullish zone. But that depends on your risk appetite. Again, but don't be greedy. Lets see picture below.



You might ask, why should I take profits when the signal line is just at the top or nearer to the top of bullish zone?, simple. Lemme answer. Whenever you see the signal line near the top or at the top, expect a spike, and it spikes undoubtebly and definitely it spikes. So better take your profits whether small or big. Rome wasn't built in a single day. But there instances when the signal line is at the top and its not spiking, why?, you have asked I know. Let's see about that. That tells you something about leveling or continously momentum gain. That means, when you switch to your H4 chart or your bigger timframe picture, you will see that

it was obeying price action direction, in that case price action formed a certain pattern which is a bullish pattern so it progressed going up, lemme show you such scenario on the picture below in a blue rectangle.

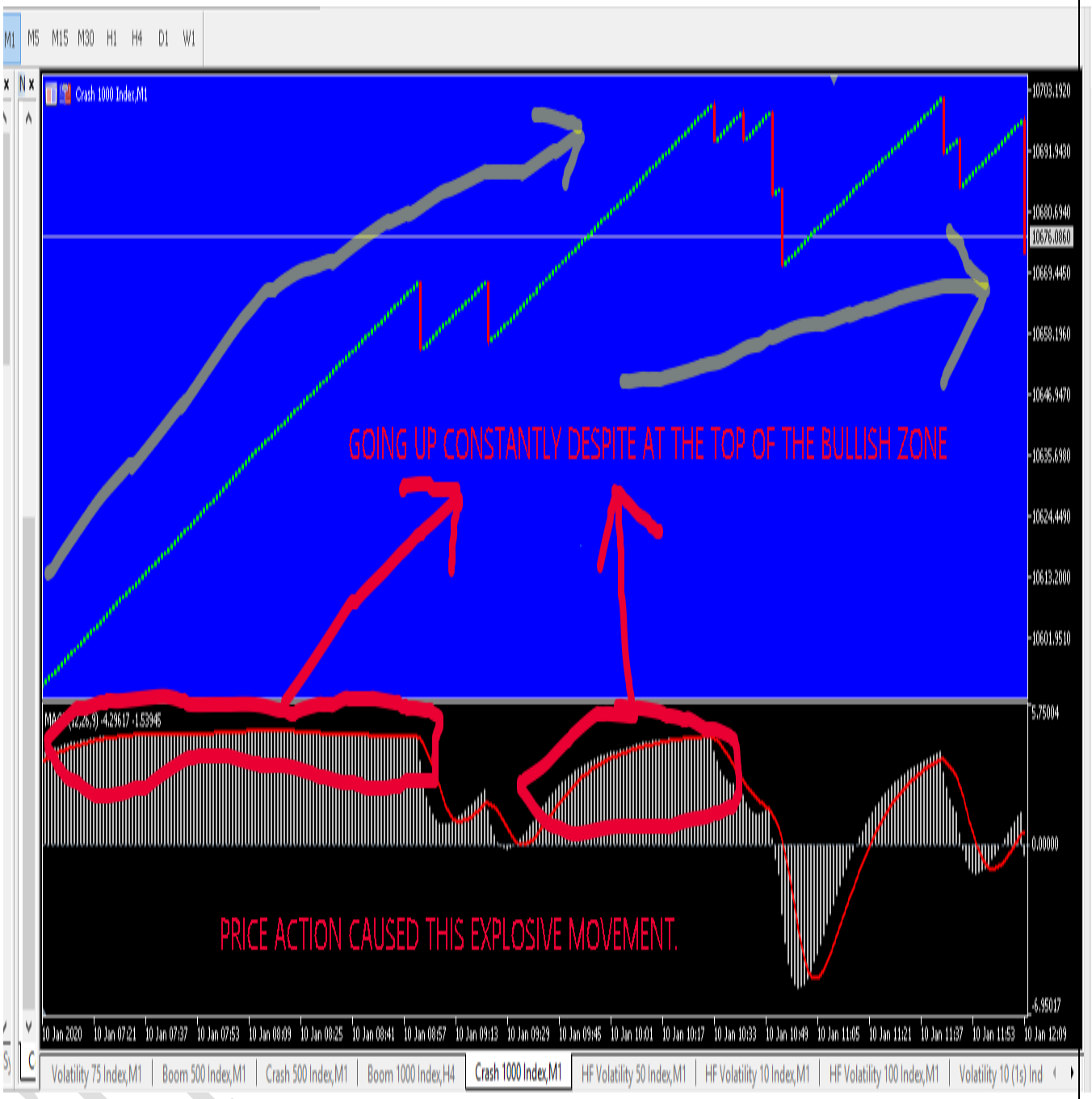
,



That's H4 chart above when price formed Bullish Harami Pattern causing more candlesticks to be formed. And that caused a rapid price movement in M1 time frame, check figure 9 below. The same Crash 1000 at the same time, see how M1 reacted to H4 price action formation. Price at the top but no crash. But that doesn't mean it wont crash, it crashes after some time, but that can leave you in losses

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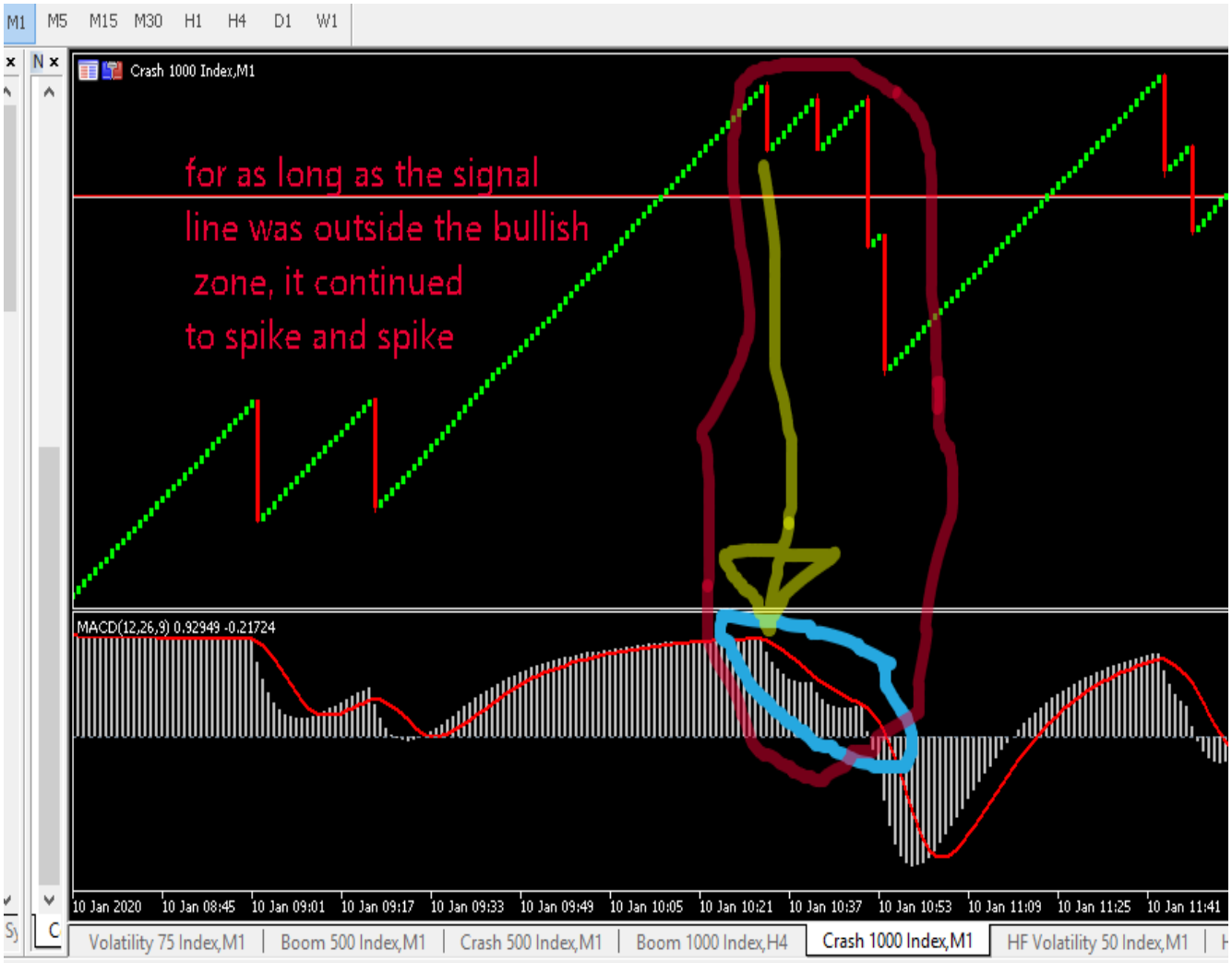
So I remember I said when you see the signal line at the top of the bullish zone it crashes, lemme show you the picture, even that same picture above you can see that it crashes definitely that's why its important to take your profits especially when you aint familiar with price action. Lets see the figure below.

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Okey!. So when it spike at the top or near the top and the signal line comes out of the bullish zone, as long as the signal line is outside the bullish zone, you can hold your trade, you can hold since it signals more spikes are coming check the picture below, you will see.

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You see, you could have made profits you happen to be in such a trade, and you hold.

" ,,, all things are possible for the one who has faith."

Mark 9;23

CASE 2

(ii)WHEN TO BUY THE REVERSAL OF CRASH BASED ON MACD

Buy Crash reversals when MACD its forming the Bearish zones in the down window and at the same time the signal line is getting out of the bearish zones. To be more safe you can buy when the signal line is out of the bearish zones and hold but be cautious because that's Bears window which signifies that Crash will have more spikes, since Crash its bearish by nature. So when you buy you will take a big risk because it can spike for you. But it doesn't always spike as long as the signal line is outside the bearish zones. Still chances are higher that it can spike on you. Sometimes just small spikes because the signal line is outside the bearish zones, but when the signal line is inside the bearish zone, that's very fishy, dangerous.

See the figure below on the next page, to see what am talking about.

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"Mistakes are proof that you trying."

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You see, it was spiking, but just small spikes because the line was outside the bearish zone and someone could have made profits from that distance...

It spikes when you see that bearish zones are getting smaller thereby showing momentum increase from negative going to positive up then suddenl they start being constant, leveling forming something like horizontal bars or zone then just know that it's fishy here now. See the figure below to understand what I mean by leveling.

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You see now that am aint telling lies... That's the behavior of MACD in relation to price.

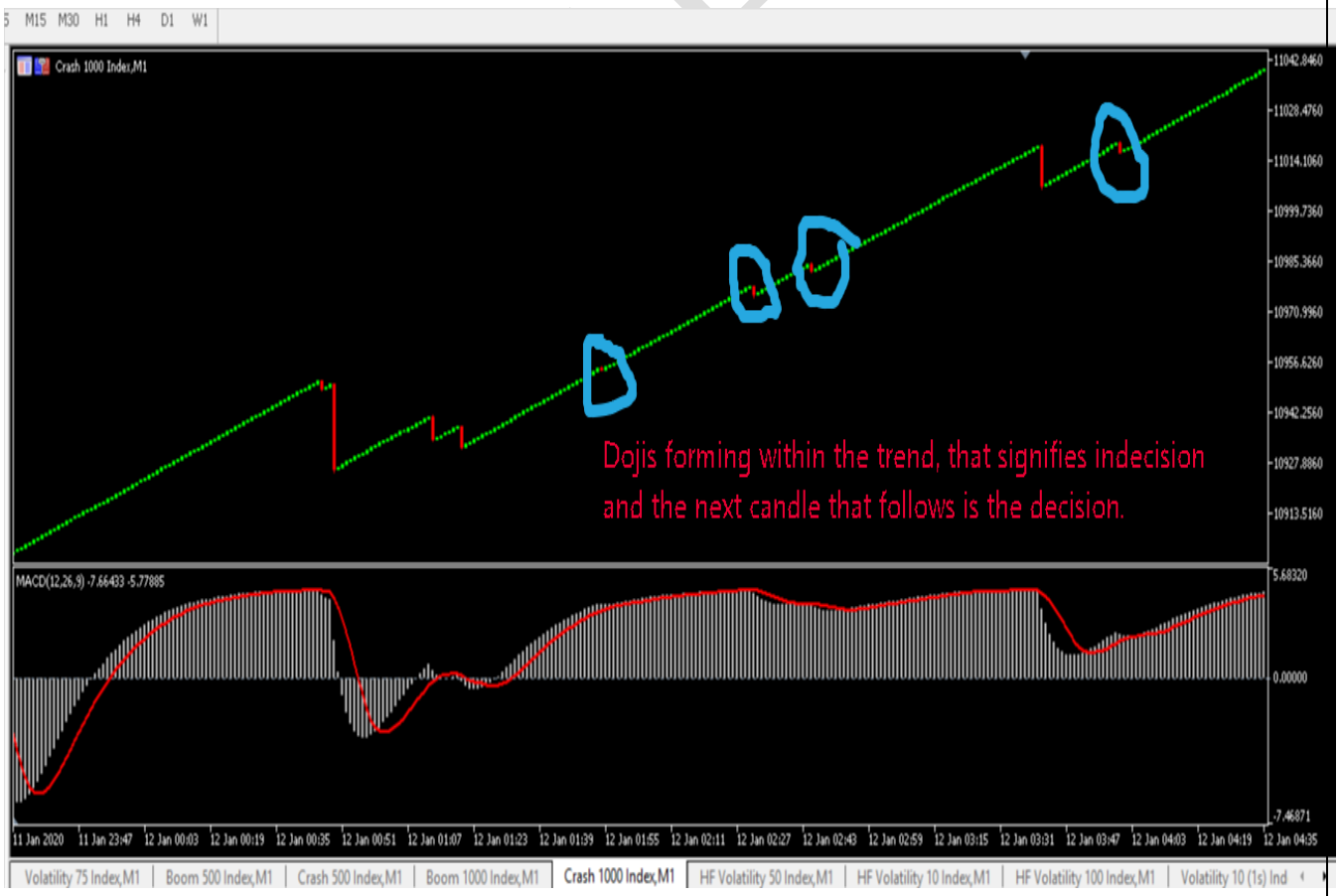
So you can take your profits when its fishy. And you can ride the bearish zone when they are getting smaller and smaller and smaller approaching the zero line and when it start forming bullish zone, don't exit, just ride the trend, ride and ride and ride until something fishy is spotted out.

"If I wanted to become a tramp, I would seek information and advice from the most successful tramp I could find. If I wanted to become a failure, I would seek advice from men who had never succeeded. If I wanted to succeed in all things, I would look around me for those who are succeeding and do as they have done."

Joseph Marshall Wade

DOJI CANDLESTICK WITHIN THE TRENDS

I know you have been seeing a lot of Doji candles within the trends, these happen in both boom and crash, and they resemble indecision in the markets, that's why they are called indecision candles. So lets take a look at them in the market, check the picture below



"So as you have seen in the picture above, those small red candles signify

indecision in the markets, and the next candle is the decision made whether it will go up or it will go down. So when it has formed a small red doji in green or bullish trend, that shows indecision, then if the next candle is green or bullish the trend will continue going up but if its red a spike, then it has changed because that is the decision that is made..."
According to K.Chileshe findings.

Hence the above findings are proven to work 85 percent of the time... As you can witness already from the picture above.

" I believe that to have ventured in financial markets as I have done, as I have always freely admitted I have done in behalf of humanity, was not wrong but right. Now if it is declared necessary that I should lose my life for furtherance of the ends of cofusions in traders minds and stake my life further with the life of many traders in these tough markets whose roles are patience, edurance, commitment, faith and diligence, I submit;

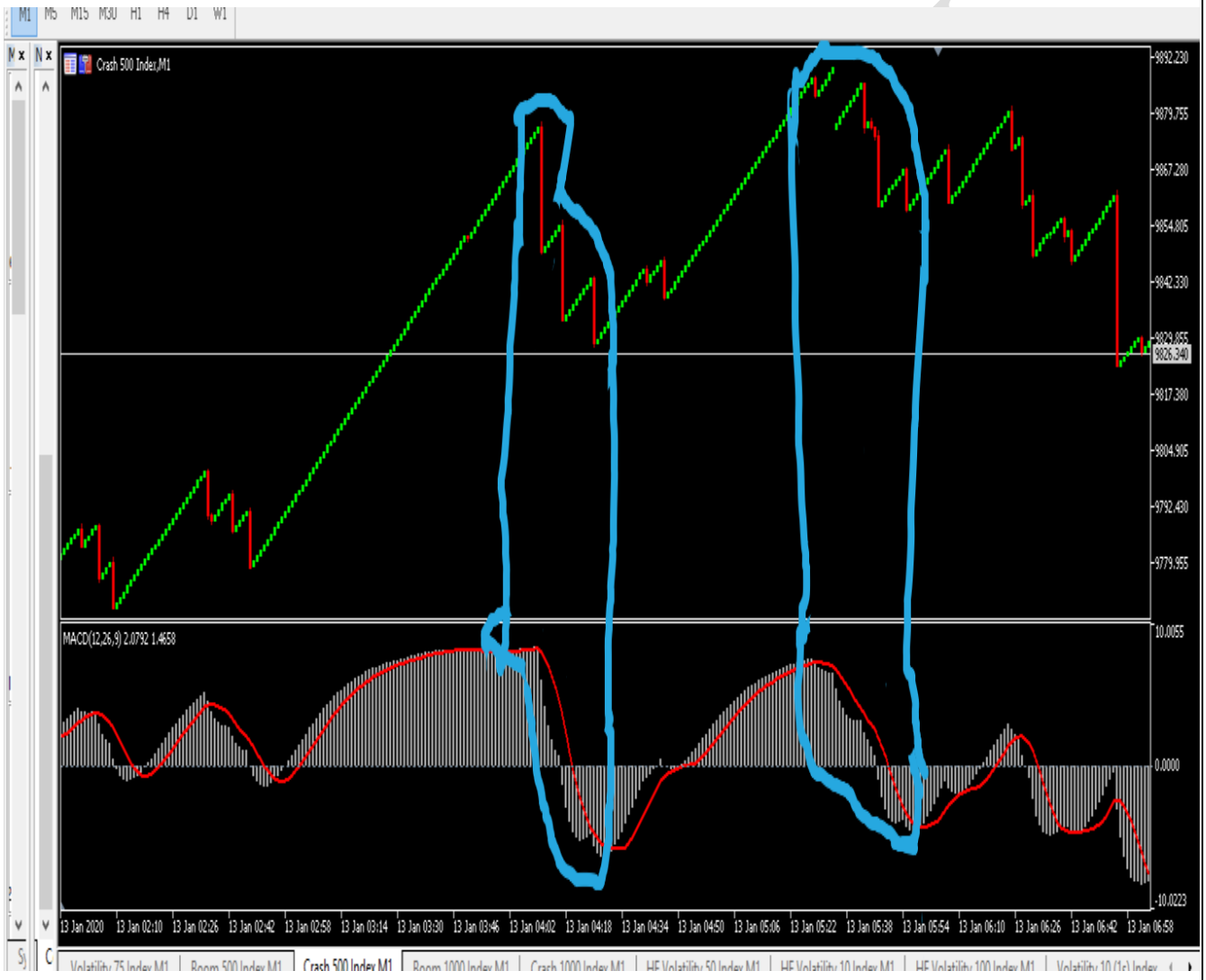
So let it be done!."

King George 11

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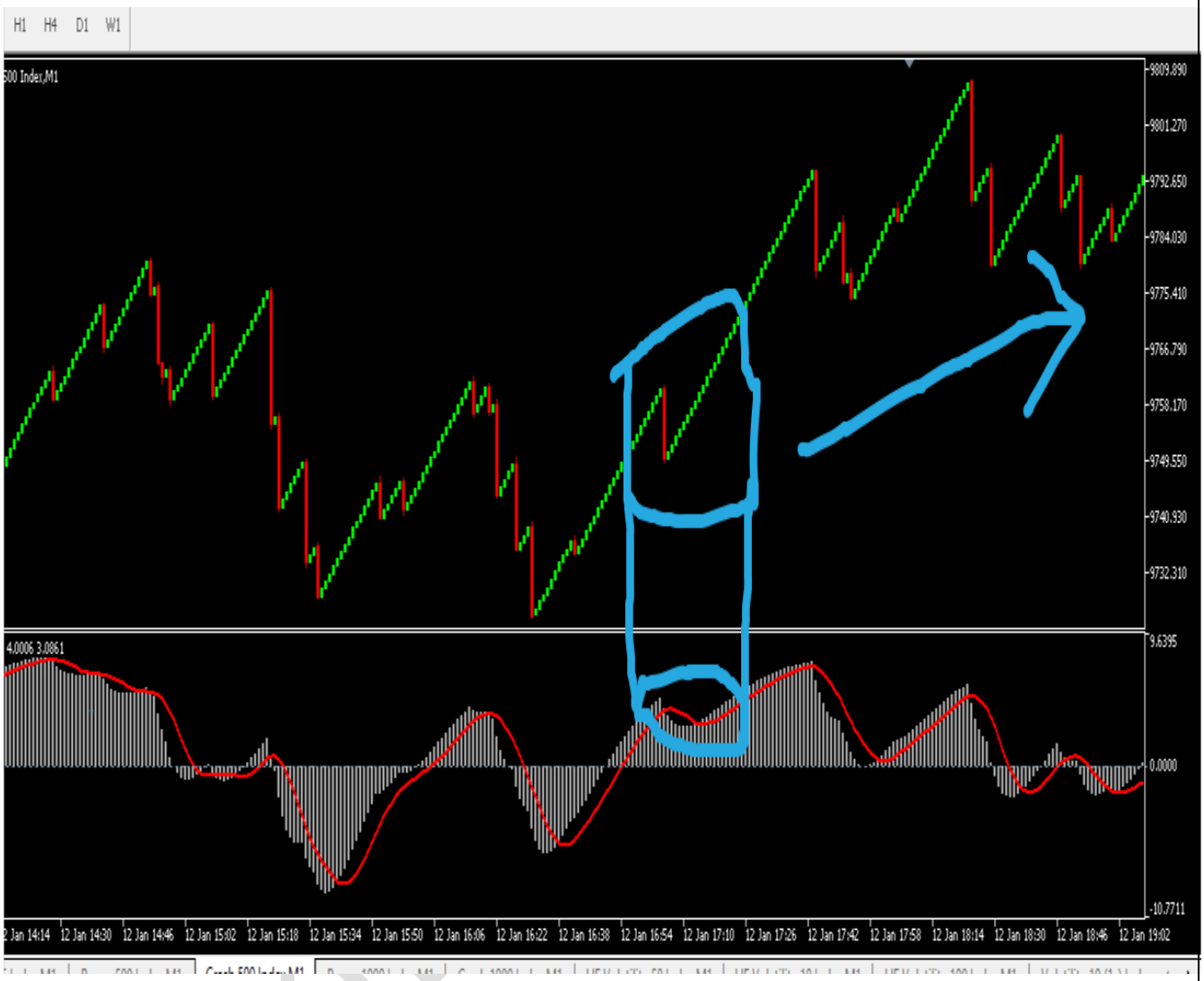
WHEN TO SELL CRASH OR SPIKES BASED ONLY ON MACD

Sell crash only when the red line or signal line is at the top of the bullish zone or when the signal line is just nearer to the top of the bullish zone then when it spikes you can hold for more spikes as the signal line will be outside the bullish zone which signifies more spikes as the momentum of the zone is decreasing approaching zero line. See the picture below,



I hope you are able to see what I was talking about from the picture above. Its self explanatory the picture itself.

You can exit when you see that the bars suddenly have start leveling in size because that might show that price is still going up. I have talked about leveling several times in this pdf but for the sake of those who are lazy to go up, see the picture below,



If you were catching spikes, you could have caught the first spike when the signal line was just outside the bullish zone, but suddenly it started leveling, as you can see above, then you can know that spike catching is over, lemme take my profits now. Honestly speaking after some bit of leveling price went up as we have seen from the diagram above. But it doesn't always go up after leveling, it can change, it can go down.

So for as long as the signal line is outside the bullish zone and there is no leveling and the zone is continously decreasing in size or losing momentum, you can hold for more spikes as it is approaching the zero line. And don't exit your trade when it's approaching the zero line because that means it's going down in a bearish zone and so more spikes. So hold until you see that the siganl line which has entered the recent formed

bearish zone appraoching the bottom of the bearish zone and it seems its about to exit the bearish zone. You can take your profits.

I have combined case 1 and 2 on how to sell or catch spikes under one case. And it's obviously simple I suppose.

" Whoever dispises instruction will pay the penalty, but the one Who respects the commandment will be rewarded."

Proverbs 13:13

(b) BOOM 500/1000

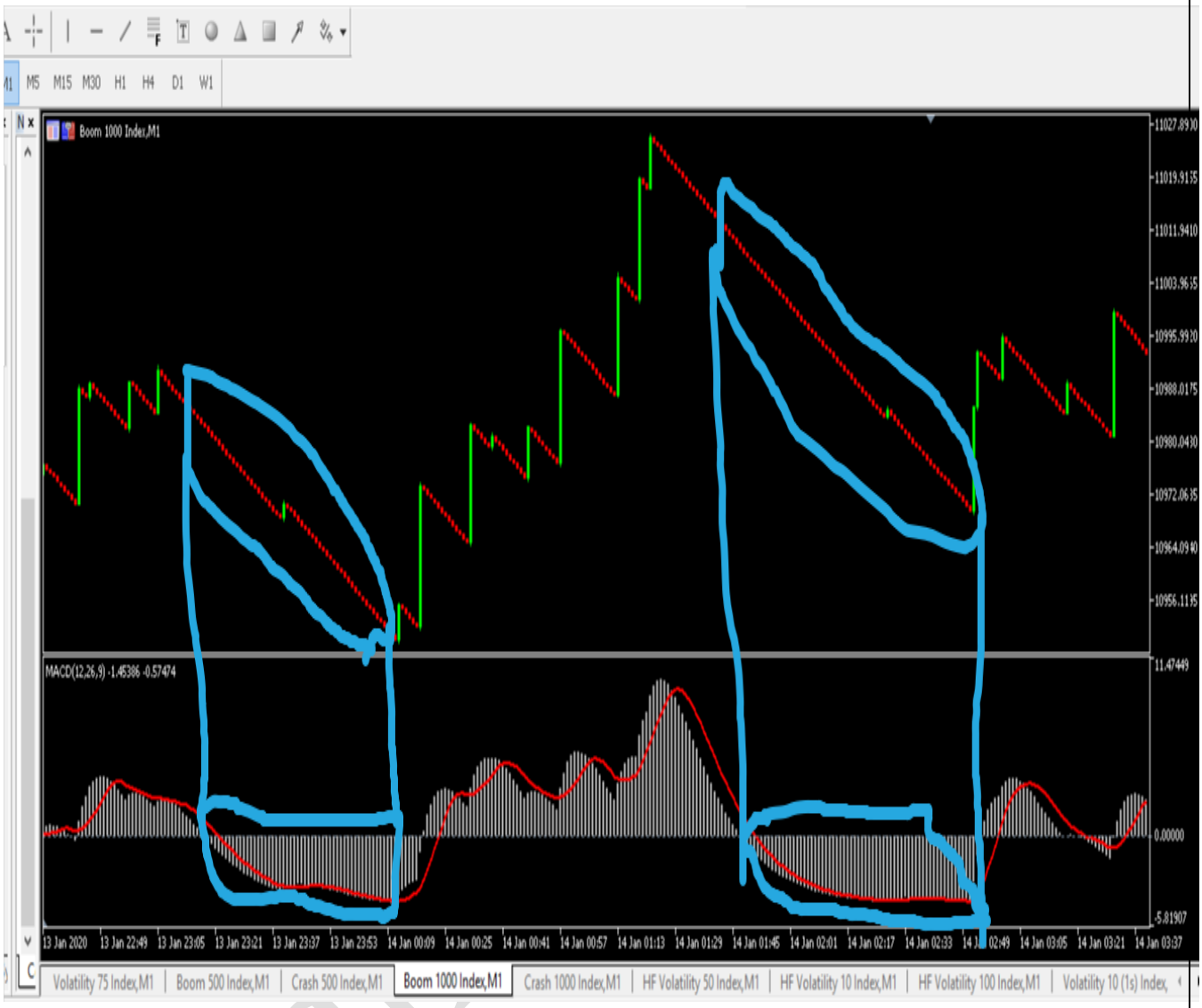
(i) WHEN TO SELL THE REVERSAL OF BOOM BASED ON MACD

CASE 1,

Sell the reversals of Boom when MACD is forming the lower histogram or bearish zone in the Bears window and at the same time the signal line is very nearer to enter that bearish zone or when the signal line has entered the bearish zone, then my friend, hold for as long as the white bars within the bearish zones are constantly lossing momentum or getting bigger and bigger going down and the signal line is still within or inside the bearish zone. What do I mean by whole that?, lets see the picture below.

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Wow!, hope you have gotten the clear picture now. And one thing I could have forgotten to mention, always when you open your trading platfom, go to H4 or H1 and check the direction of the market if it's uptrend or downtrend. You can do that by zooming out the chart then you will be able to identify what the trend is. I already explained how to do that, so I wont repeat it.

To resume what I was saying based on the piture above. When you see that the signal line is approaching the bottom or tip of the histogram or bearish zone,take caution, that means momentum will either start increasing or will be constant, leveling. So when you see that, you can either wait for the signal line to reach the bottom or tip of the bearish zone or you can take profits when just the signal line its nearer to the

bottom of the bearish zone. But that depends on your risk appetite. Again, but don't be greedy. You might ask, why should I take profits when the signal line is just at the bottom or nearer to the bottom of bearish zone?, simple. Lemme answer. Whenever you see the signal line near the bottom or at the bottom, expect a spike, and it spikes undoubtebly and definitely it spikes. So better take your profits whether small or big. Rome wasn't built in a single day. See the picture below,



But there instances when the signal line is at the top and its not spiking, why?, you have asked I know. Let's see about that. That tells you something about leveling or continously momentum gain. That means, when you switch to your H4 chart or your bigger timeframe picture, you will see that it was obeying price action direction, in that case price action

formed a certain pattern which can be a bearish pattern, then so it can progress going down. I won't put a picture of as an example because I gave an example of a similar situation in this pdf up there.When it's constantly going down, it doesn't mean it won't spike. It will spike at some point.

So when it spike at the bottom or near the bottom and the signal line comes out of the bearish zone, as long as the signal line is outside the bearish zone, you can hold your trade, you can hold since it signals more spikes are coming check the picture below, you will see.



" The man who says it can't be done should not interrupt the one doing It."

Chinese Proverb

CASE 2

(ii)WHEN TO SELL THE REVERSAL OF BOOM BASED ON MACD

Sell reversals when MACD its forming the Bullish zones in the upper window and at the same time the signal line is getting out of the bullish zones. To be more safe you can buy when the signal line is out of the bullish zones and hold but be cautious because that's Bulls window which signifies that Boom will have more spikes, since Boom its bullish by nature. So when you sell you will take a big risk because it can spike for you. But it doesn't always spike as long as the signal line is outside the bullish zones. Still chances are higher that it can spike on you. Sometimes just small spikes because the signal line is outside the bullish zones. But when the signal line is inside the Bullish zone, that's very fishy, dangerous.

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"Never be afraid to try something new, because life gets boring when you stay within the limits of what you already know."

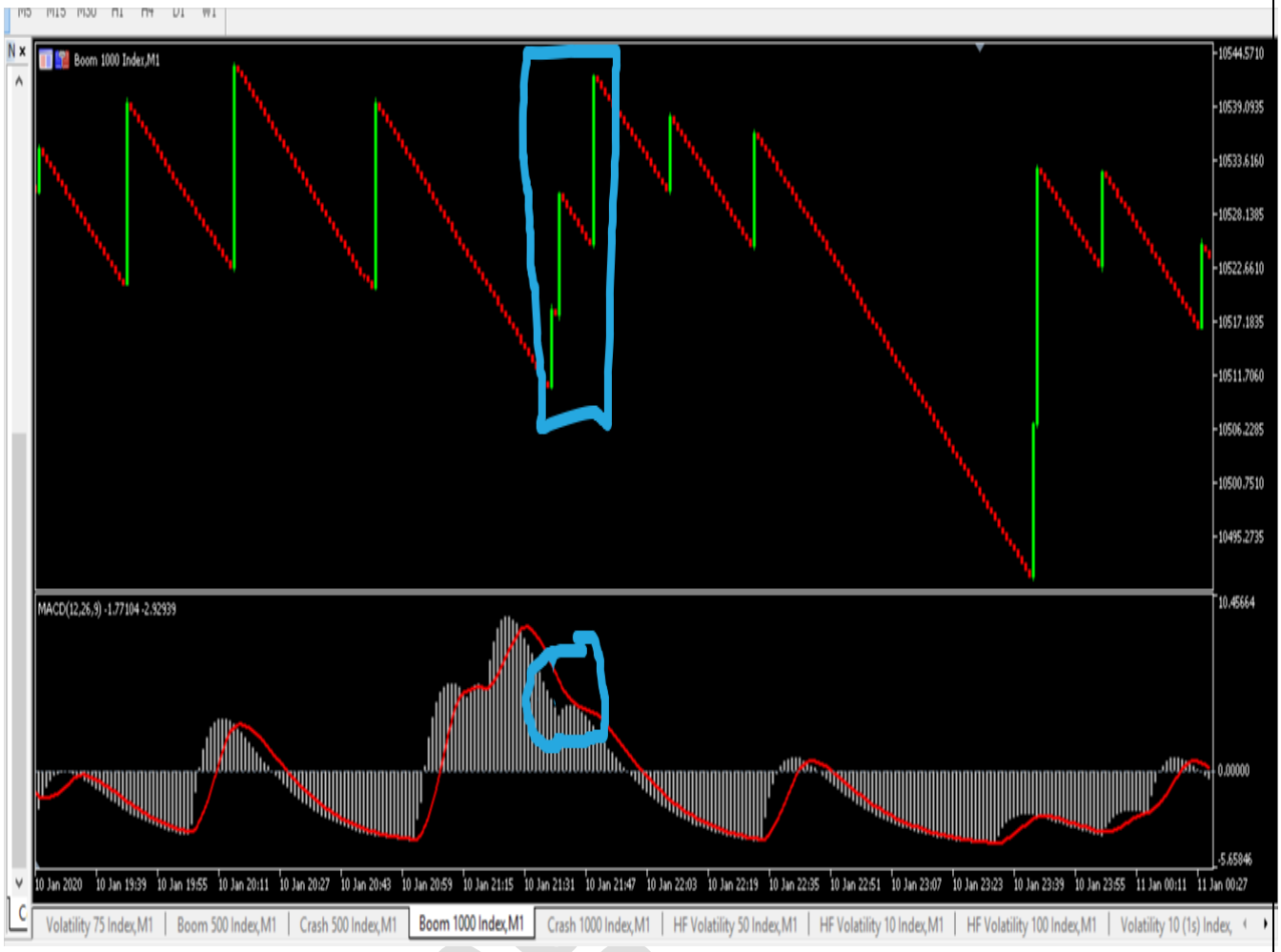
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So as you have seen above, the signal line is outside the bullish zone, and you could have taken the sell trade and hold. Even though it was spiking, the spikes were small and you could have made profits... Simple.

It spikes when you see that bullish zones are getting smaller thereby showing momentum decrease from positive going to negative down then suddenly they start being constant, leveling forming something like horizontal bars or zone then just know that it's fishy here now. See the picture below to understand what I mean by leveling.

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So you can take your profits when its fishy. And you can ride the bearish zone when they are getting smaller and smaller and smaller approaching the zero line and when it start formingbearish zone, don't exit, just ride the trend, ride and ride and ride until something fishy is spotted out.

" Wealth quickly gained will dwindle, but the wealth of the one who gathers it little by little will increase."

Proverbs 13:11

WHEN TO BUY BOOM OR SPIKES BASED ONLY ON MACD

Buy Boom only when the red line or signal line is at the bottom of the bearish zone or when the signal line is just nearer to the bottom of the bearish zone then when it spikes you can hold for more spikes as the signal line will be outside the bearish zone which signifies more spikes as the momentum of the zone is increasing approaching zero line. See the picture below,



I hope you are able to see what I was talking about from the picture above. Its self explanatory the picture itself.

You can exit when you see that the bars suddenly have start leveling in size because that might show that price is still going down. I have talked about leveling several times in this pdf so I wont say it again here.

So for as long as the signal line is outside the bearish zone and there is no leveling and the zone is continously decreasing in size or gaining momentum, you can hold for more spikes as it is approaching the zero line. And don't exit your trade when it's approaching the zero line because that means it's going up in a bullish zone and so more spikes. So hold until you see that the siganl line which has entered the recent formed bullish zone appraoching the top of the bullish zone and it seems its about to exit the bullish zone. You can take your profits. See the picture below.



The picture above has shade more light on what am talking about up there. There is nothing confusing about anything here. Just be serious, it's

very easy to understand. You have seen that I haven't explain much on boom, that's because the way we trade boom is opposite to crash. So when you read about crash you will know that ah, boom is like this.

" Faith is like a seed planted in the garden, water and fertilize it each Single day with expectancy, and it will manifest."

Josephy Murphy

(C) SMALL ZONES IN MACD

I know you have been seeing small zones within the MACD zones. Those represent consolidation in price. When you see that stay away, unless you know what to do or how to trade them. They show no trend direction. That's the point when price is resting and about to make a decision where to go, whether up or down. Am not saying don't trade them' you can if you know price overall trend. But remember that when those zones are forming, it gives a lot of false signals which can lead to massive losses. See the figure below.

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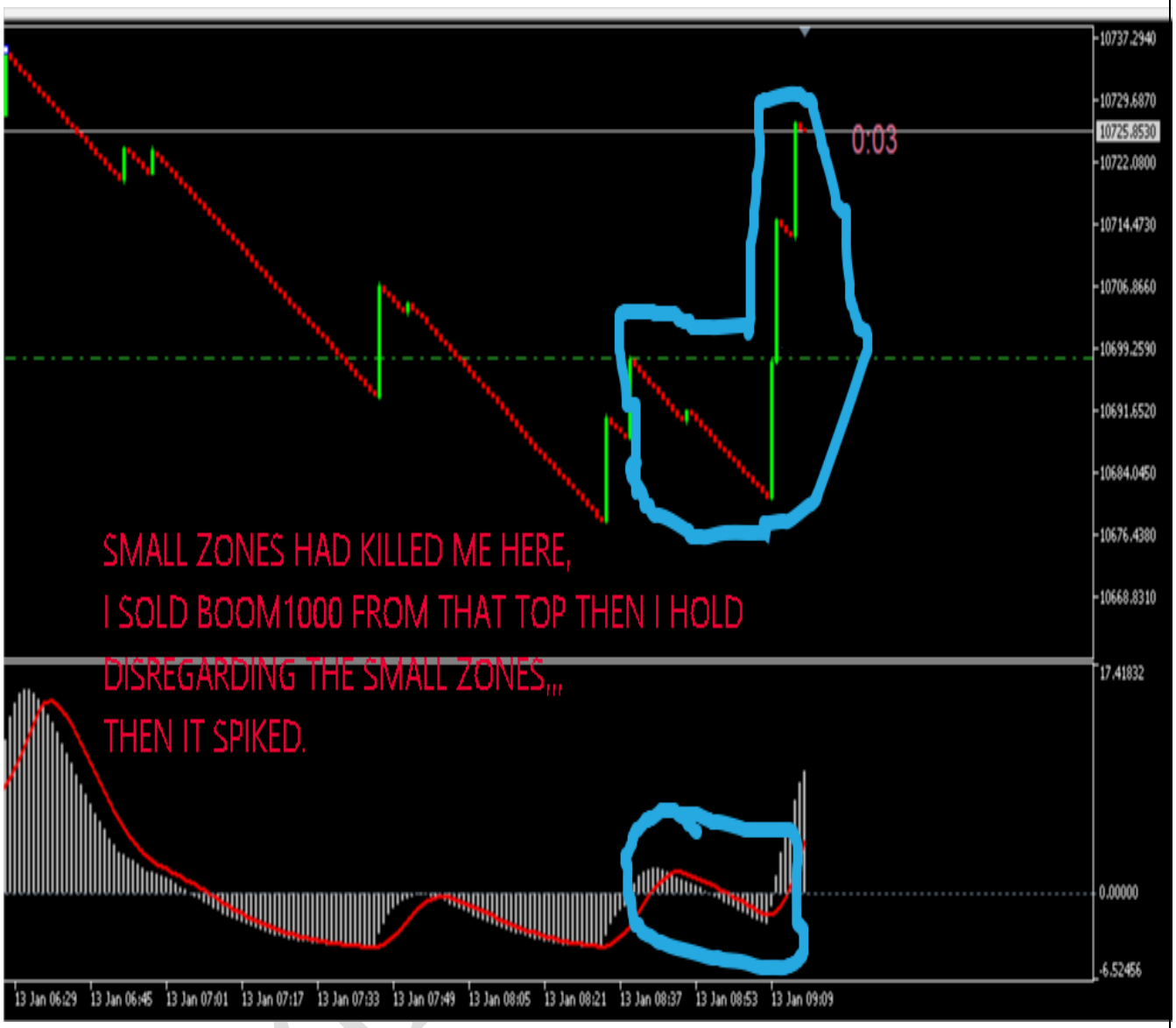
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Now lemme show you a scene where I was caught with spikes due to disregarding small zones. See what happened, I forgot because am human too. Am predisposed to make mistakes.

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You see I made a mistake, I forgot the main trend, I hold my sell, that was the mistake. The sell was okey but holding for long was wrong. Get caution, small zones are deadly.

" From the fruitage of his speech, a man will eat what is good,,,"

Proverbs 13:2

5. DIVERGENCE TRADING

Divergence it's the oscillator, indicator failure to follow price direction.

With divergence, you can use RSI, CCI, or Stochastic oscillator, but in here we will use our friendly neighborhood Moving Average Convergence Divergence MACD.

With Divergence, mostly you will be finding your self buying and selling at tops and bottoms, and at turning points therefore decreasing your risk of lossing.

If traded properly, you can be consistenbly profitable.

We have learnt that price in an uptrend moves in HHs and HLs. And in a downtrend it moves in LHs and LLs. But we will break that down into it's independent components in order to catch divergences.

If price is making the series of HHs the MACD should also be making HHs and if its making series of LLs the MACD should also be making LLs.

If price and MACD are not doing the same thing, then that means they are diverging from each other, that's why they named it divergence.

Why is divergence important?

"Using divergence trading can be useful in spotting a weakening trend or reversal in momentum. Sometimes you can even use it as a signal for a trend to continue!." Babypips.com

There are FOUR types of divergence:

1. Regular
2. Hidden
3. Topping
4. Bottoming

I will show you how to spot the divergences from the above portfolio with dicpictions from Babypips.com website and other material of Divergence.

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NB: The below information and dicpictions are taken from Babypips.com website and Reverse Divergence and momentum pdf(2000) because that's where I learnt divergence from aswell, so I found it to be of no point to start frustrating myself trying to write my own notes, But Rather just referencing them. If I wanted to write, I could have wrote the same idea just presented in a different way.

1.Regular Divergence

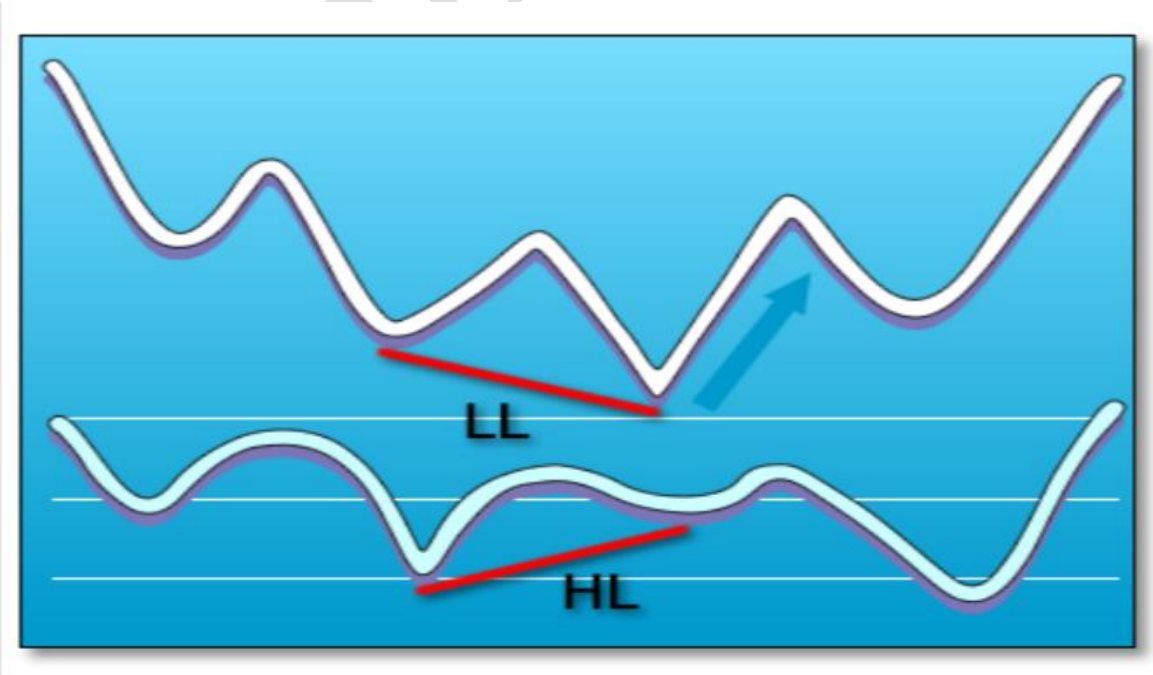
A regular divergence is used as a possible sign for a trend reversal.

(a) Regular Bullish Divergence

If price is making lower lows (LL), but the oscillator is making higher lows (HL), this is considered to be regular bullish divergence.

This normally occurs at the end of a down trend. After establishing a second bottom, if the oscillator fails to make a new low, it is likely that the price will rise, as price and momentum are normally expected to move in line with each other.

Below is an image that portrays regular bullish divergence.



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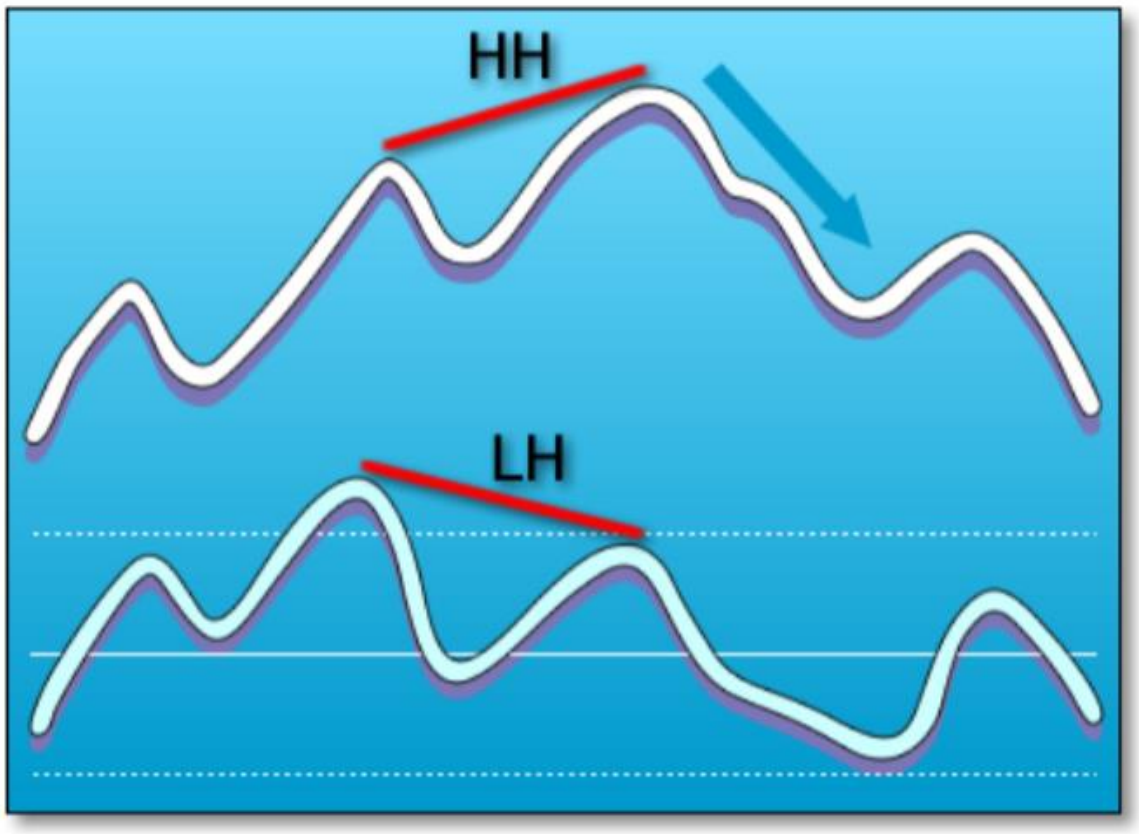
" You learn more from failure than success."

(b) Regular Bearish Divergence

If the price is making a higher high (HH), but the oscillator is lower high (LH), then you have regular bearish divergence.

This type of divergence can be found in an uptrend. After price makes that second high, if the oscillator makes a lower high, then you can probably expect price to reverse and drop.

In the image below, we see that price reverses after making the second top.



As you can see from the images above, the regular divergence is best used when trying to pick tops and bottoms. You are looking for an area where price will stop and reverse.

The oscillators signal to us that momentum is starting to shift and even though price has made a higher high (or lower low), chances are that it won't be sustained.

"6 Months of focus and hard work can put you 5 years ahead in life.

Don't underestimate the power of consistency and desire."

Warren Buffet

1. Hidden Divergence

The reason it's called "hidden" is because it's hiding inside the current trend.

Divergences not only signal a potential trend reversal; they can also be used as a possible sign for a trend continuation. Always remember, the trend is your friend, so whenever you can get a signal that the trend will continue, then good for you!

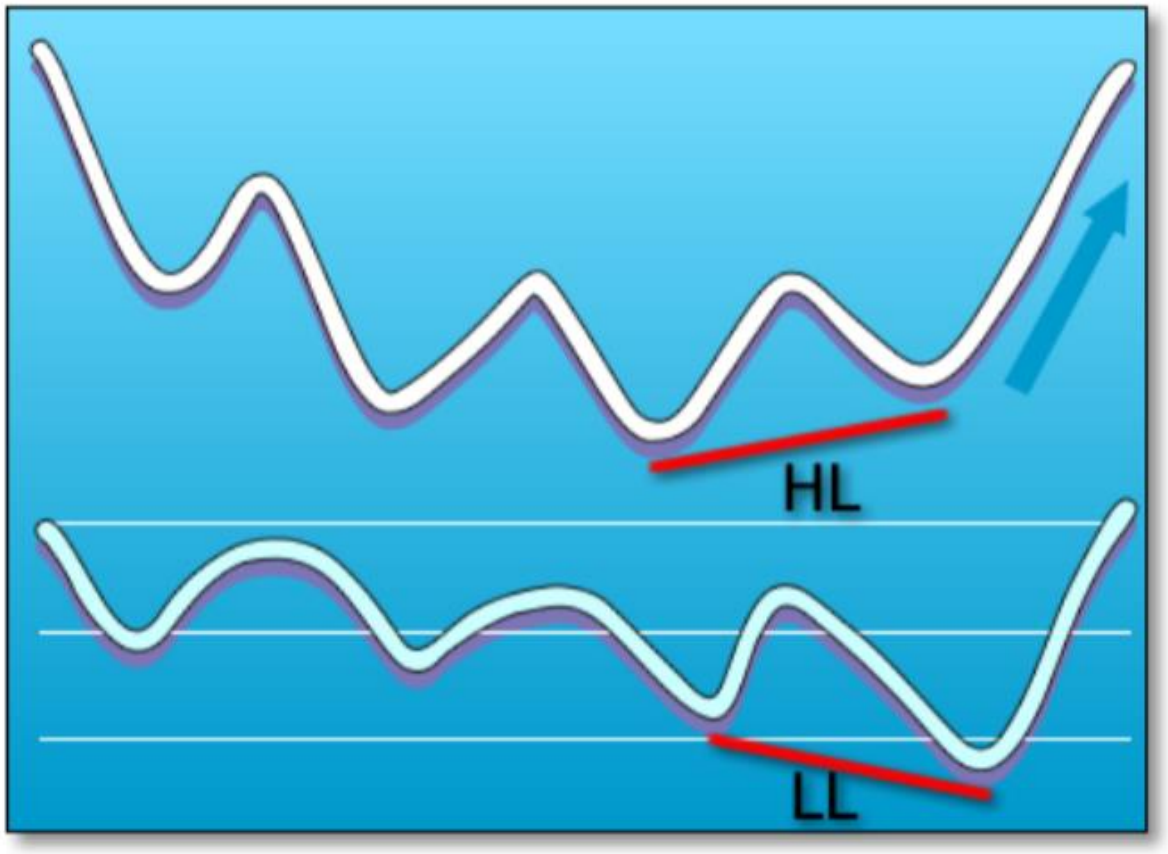
(a) Hidden Bullish Divergence

If price is making a higher low (HL), but the oscillator is making a lower low (LL), this is considered hidden bullish divergence.

This can be seen when the pair is in an uptrend. Once price makes a higher low, look and see if the oscillator does the same. If it doesn't and makes a lower low, then we've got some hidden divergence in our hands.

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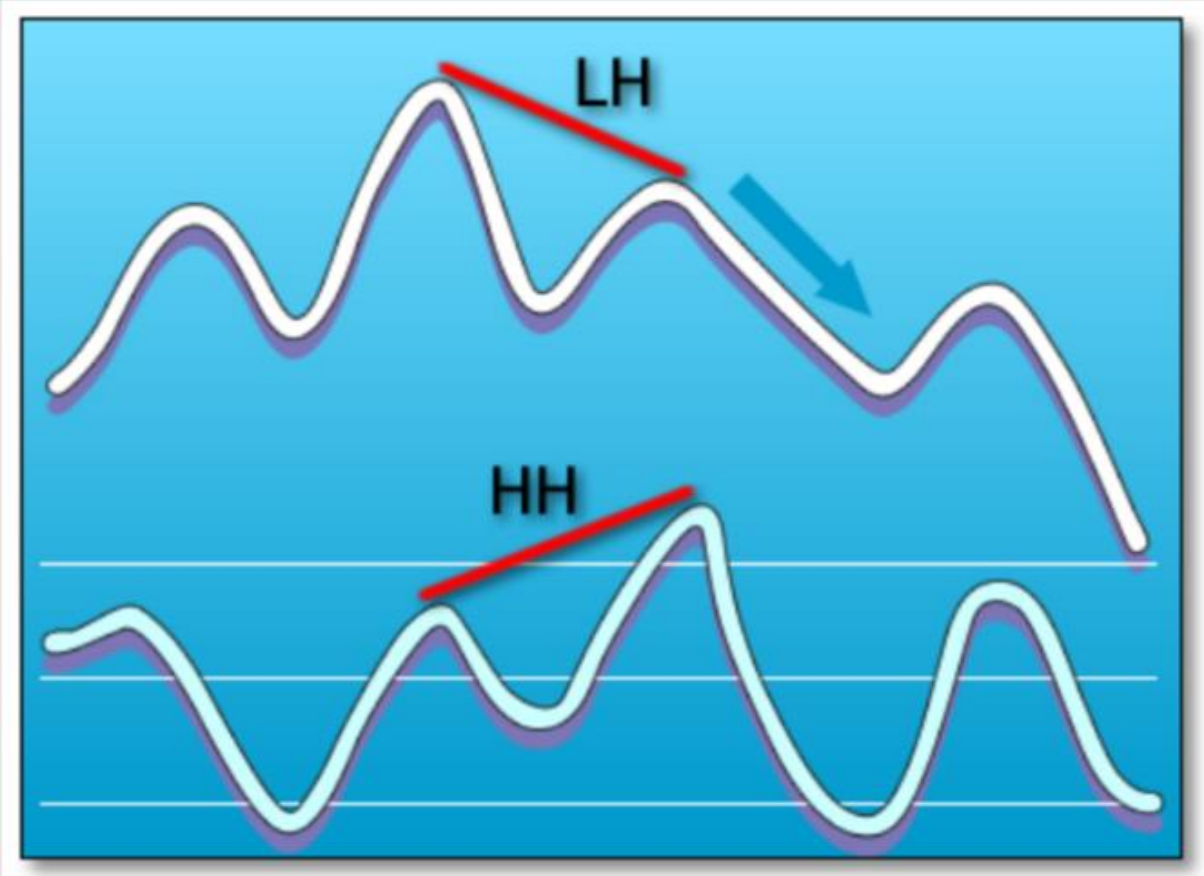


"Success is not final, failure is not fatal it is the courage to continue that Counts."

King George-11

(b) Hidden Bearish Divergence

Lastly, we've got hidden bearish divergence. This occurs when price makes a lower high (LH), but the oscillator is making a higher high (HH). By now you've probably guessed that this occurs in a downtrend. When you see hidden bearish divergence, chances are that the pair will continue to shoot lower and continue the downtrend.



RECAP!

Let's recap what you've learned so far about hidden divergence.

If you're a trend follower, then you should dedicate some time to spot some hidden divergence.

If you do happen to spot it, it can help you jump in the trend early.

Sounds good, yes?

Okay, now you know about both regular and hidden divergence.

We hope you got it all down pat. Keep in mind that regular divergences are possible signals for trend reversals while hidden divergences signal trend continuation.

" While Chasing Things Money Can Buy, Always Stop And Check If You're Losing Things Money Can't Buy."

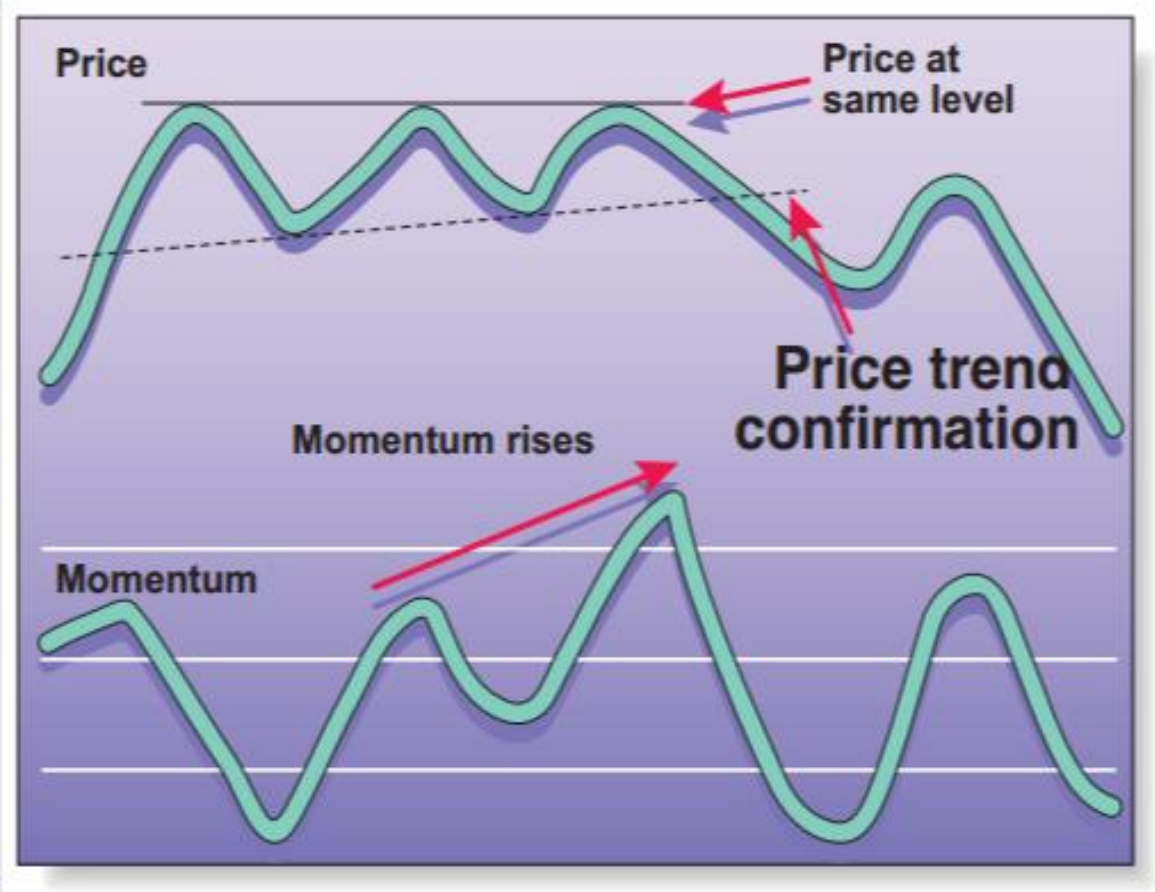
Emotional Qoute

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3. Topping Bearish Divergence

Occasionally, a Topping reverse divergence develops while the market is in a trading range. Here, the price is trading up against a resistance trendline, and each peak is at the same level, therefore ranging.

However, the oscillator is not constrained by a horizontal trendline and makes a higher peak toward the end of the trading range. This type of reverse divergence is typically followed by a trend reversal. See the dicpiction below.

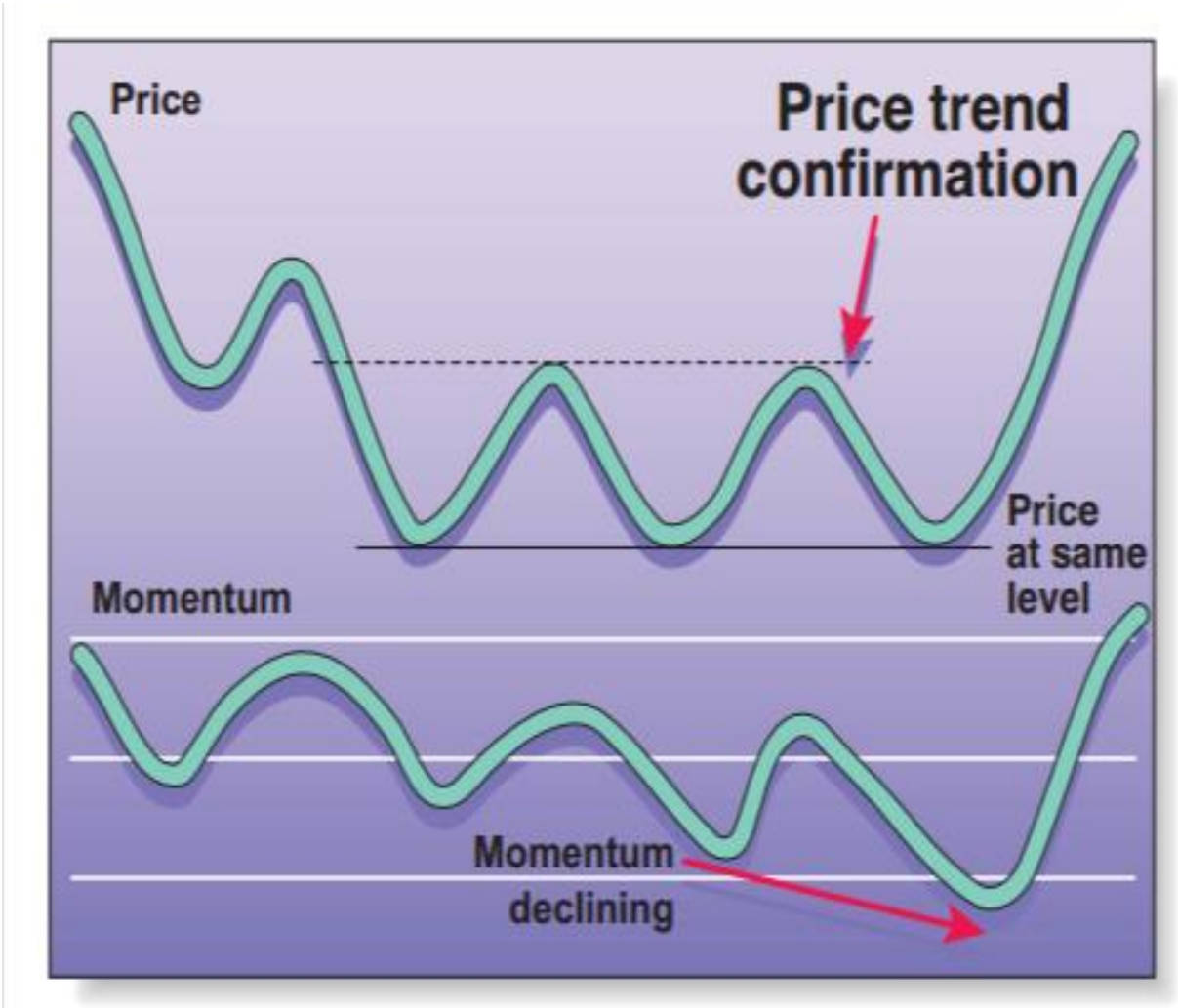


"What Defines Us Is How We Rise After Falling."

Success

4. Bottoming Bullish Divergence

During a bottoming process, a bullish divergence occurs when the price keeps falling to the same level of support, but somewhere along the line, the oscillator falls to a new low. See the dicpiction below.



" Nothing is worthwhile, unless you take risks"

Here's how you could trade divergences:

Divergence Type	Price	Oscillator	Trade
Regular	HH	LH	SELL
Regular	LL	HL	BUY
Hidden	HL	LL	BUY
Hidden	LH	HH	SELL
Topping	RT	HH	SELL
Bottoming	RB	LL	BUY

Divergences act as an early warning system alerting you when the market could reverse. For example, if bulls have steadily pushed Crash higher, the appearance of divergence between price and indicator could mean that bulls are running out of gas and price will soon fall.

Please keep in mind that I use divergence as an indicator, not a signal to enter a trade! It wouldn't be smart to trade basely solely on divergences as too many false signals are given. It's not 100% loseproof, but when used as a setup condition and combined with additional confirmation tools, your trades have a high probability of winning with relatively low risk.

On the flip side, I think it is just as dangerous to trade against this indicator. If you're unsure about which direction to trade, chill out on the sidelines.

Divergences don't appear that often, but when they do appear, it's high time you pay attention. Regular divergences can help you collect a big chunk of profit because you're able to get in right when the trend changes.

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Hidden divergences can help you ride a trade longer resulting in bigger-than-expected profits by keeping you on the correct side of a trend.

The trick is to train your eye to spot divergences when they appear AND choose the proper divergences to trade. Just because you see a divergence, it doesn't necessarily mean you should automatically jump in with a position. Cherry pick your setups and you'll do well.

There are nine cool rules for trading divergences. Learn 'em, apply 'em, and make money. Ignore them and go broke.

" Next time someone tells you that you gonna fail, tell them that you Right."

King George-11

9 Rules for Trading Divergences

Before you head out there and start looking for potential divergences, here are nine cool rules for trading divergences.

Learn 'em, memorize 'em (or keep coming back here), apply 'em to help you make better trading decisions. Ignore them and go broke.

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1. Make sure your glasses are clean

In order for divergence to exist, price must have either formed one of the following:

• Higher high than the previous high

• Lower low than the previous low

• Double top

• Double bottom

Don't even bother looking at an indicator unless ONE of these four price scenarios have occurred. If not, you ain't trading a divergence, buddy. You're just imagining things.

Immediately go see your optometrist and get some new glasses.

2. Draw lines on successive tops and bottoms

Okay now that you got some action (recent price action that is), look at it. Remember, you'll only see one of four things: a higher high, a flat high, a lower low, or a flat low.

Now draw a line backward from that high or low to the previous high or low. It HAS to be on successive major tops/bottom. If you see any little bumps or dips between the two major highs/lows, do what you do when your significant other shouts at you - ignore it.

3. Do The Right Thingg - Connect TOPS and BOTTOMS only

Once you see two swing highs are established, you connect the TOPS. If two lows are made, you connect the BOTTOMS.

Don't make the mistake of trying to draw a line at the bottom when you see two higher highs.

It sounds dumb but really, peeps regularly get confused.

4. Eyes on the Price

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So you've connected either two tops or two bottoms with a trend line. Now look at your preferred indicator and compare it to price action. Whichever indicator you use, remember you are comparing its TOPS or BOTTOMS. Some indicators as Stochastic have multiple lines all up on each other like teenagers with raging hormones. Don't worry about what these kids are doing.

5. Be Fly like Pip Diddy

If you draw a line connecting two highs on price, you MUST draw a line connecting the two highs on the indicator as well. Ditto for lows also. If you draw a line connecting two lows on price, you MUST draw a line connecting two lows on the indicator. They have to match!

6. Keep in Line

The highs or lows you identify on the indicator MUST be the ones that line up VERTICALLY with the price highs or lows. It's just like picking out what to wear to the club- you gotta be fly and matchin' yo!

7. Ridin' the slopes

Divergence only exists if the SLOPE of the line connecting the indicator tops/bottoms DIFFERS from the SLOPE of the line connection price tops/bottoms. The slope must either be: Ascending (rising) Descending (falling) Flat (flat).

8. If the ship has sailed, catch the next one

If you spot divergence but the price has already reversed and moved in one direction for some time, the divergence should be considered played out. You missed the boat this time. All you can do now is wait for another swing high/low to form and start your divergence search over.

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9. Take a step back

Divergence signals tend to be more accurate on the longer time frames. You get less false signals. This means fewer trades but if you structure your trade well, then your profit potential can be huge. Divergences on shorter time frames will occur more frequently but are less reliable unless you are trading boom and crash on M1.

" I have not failed. I've just found 10,000 ways that won't work ."

Thomas A. Edison

Congraturations!,

You have learnt about Divergence and MACD. Now let's go ahead and put them into real practice so that we see how they can help us to spot divergences to our advantage.

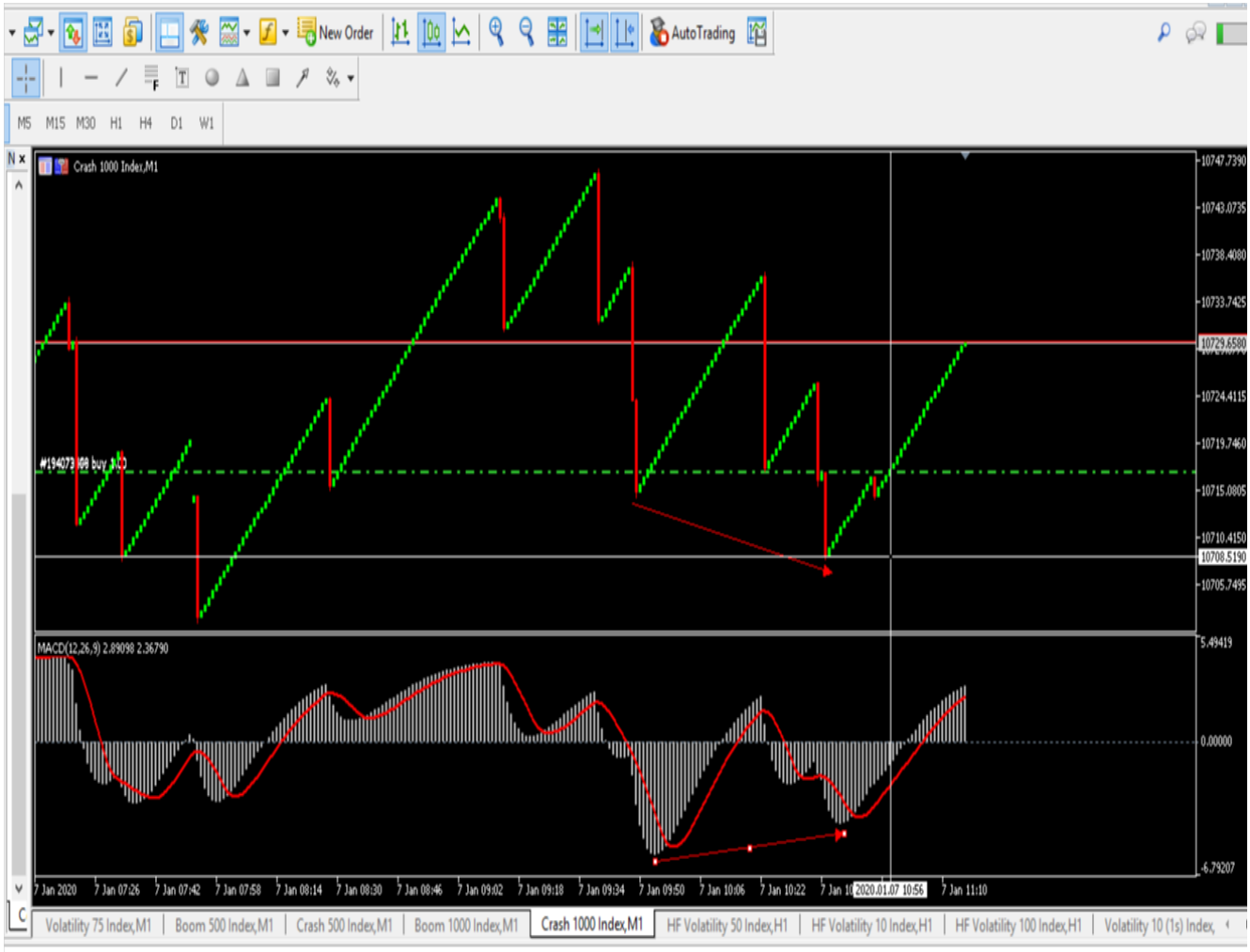
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Catching Divergence using MACD and Price behavior

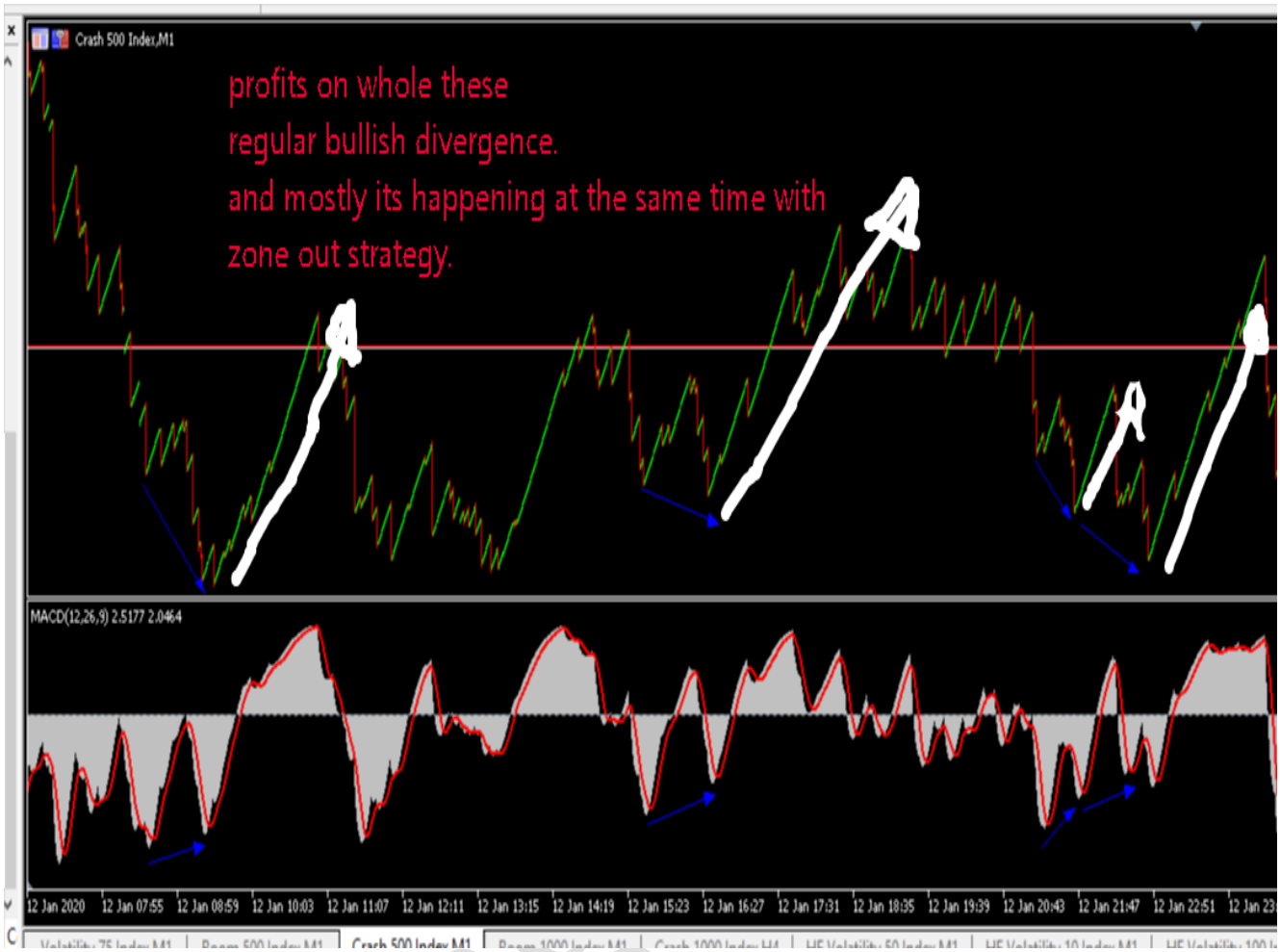
Now lets take a look at a real trade for

Regular Bullish Divergence.



Wow!, what a nice buy there. That trade was a regular bullish divergence combined with bearish zone out strategy as you can see from the picture above. Now lets look at another example below.

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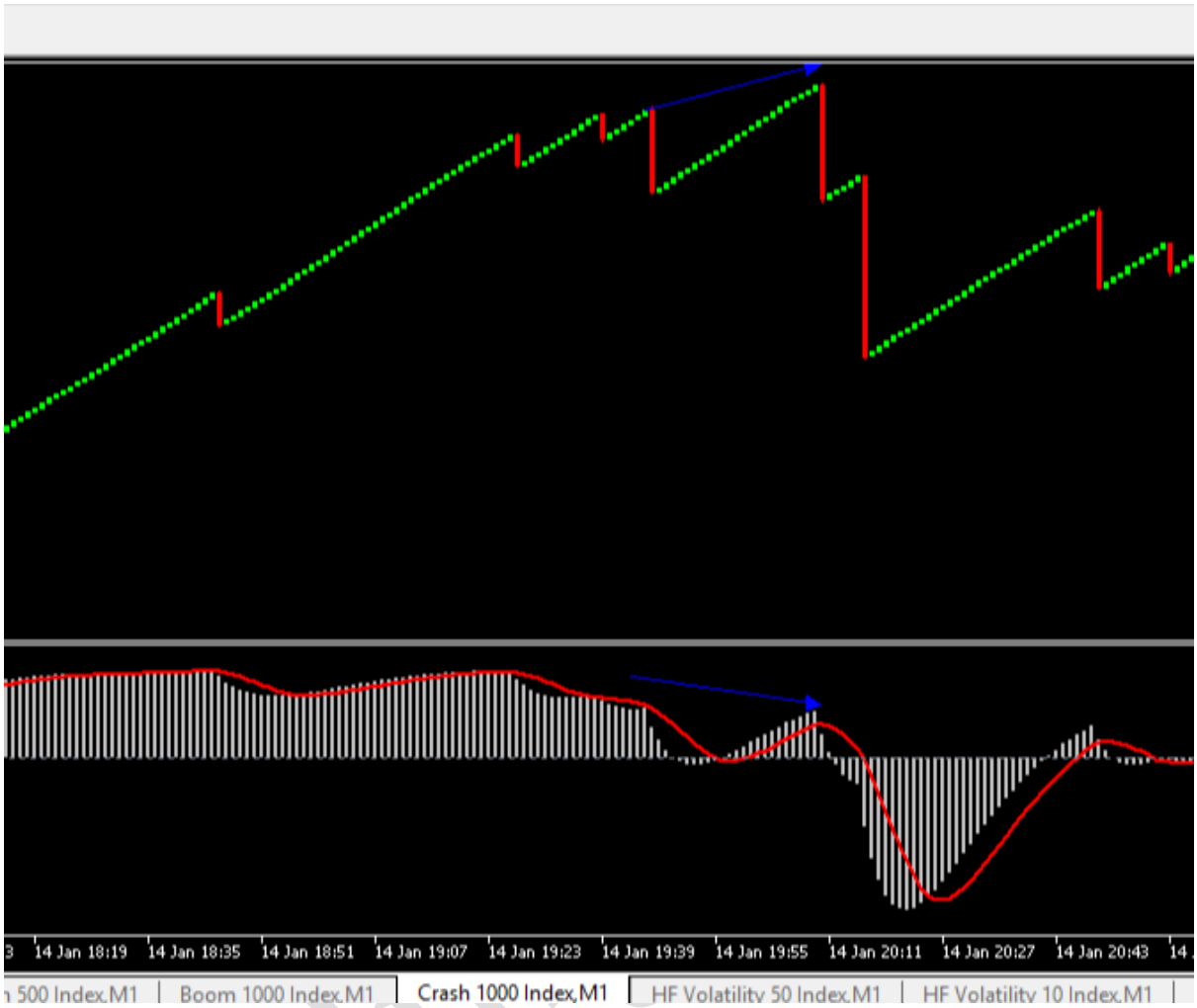


Now lets go further and look at other types of divergences below.

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Regular bearish Divergence



That's one example of Bearish Regular Divergence above. Look at another example of bearish regular divergence below.

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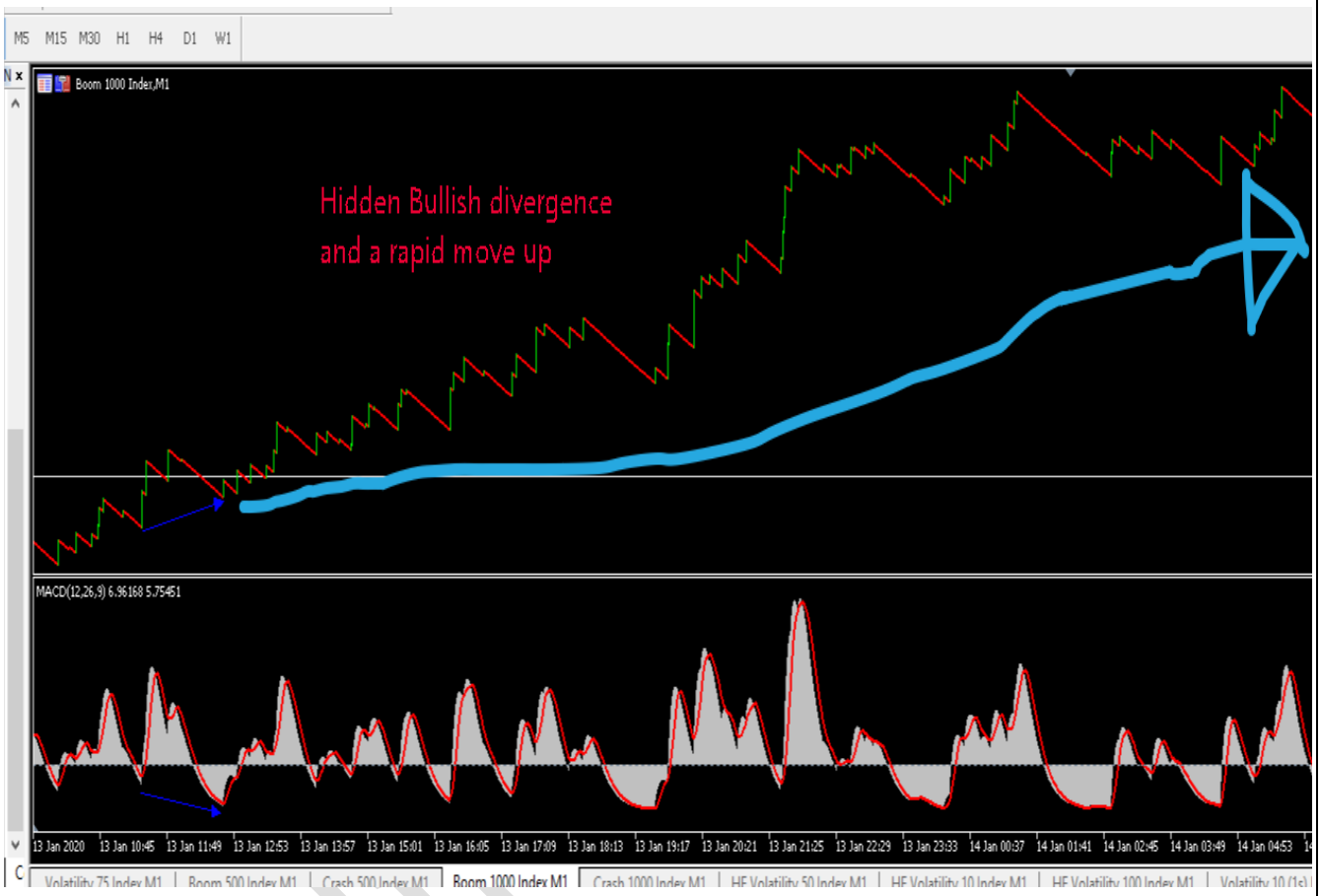
Wow!, what a rapid downward move. You see how powerful divergence is.

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Hidden bullish divergence

Now lets look at some other kind of divergence which is Hidden Bullish Divergence. Take a look at the picture below.



You see, if only you can get used to spot divergences, then my friend, you will enjoy trading Boom and Crash.

Trad

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Hidden Bearish Divergence



Bearish Hidden Divergence up there on the photo.

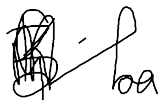
I think that's whole on divergences. Its your time now to go to your Charts and start practicing how to spot divergences. Its simple, within 1 week, you can do it.

FIN....

BE DILIGENT, YOU CAN DO IT.

MAY GOD RICHLY BLESS YOU IN YOUR TRADING CAREER.

ZIMBA GEORGE.M.K



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" We think going to school for 18 years is a way of finding happiness,
Whilst our happiness is hidden behind 18 years of slavery(school)."

Roger M. Thaane

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