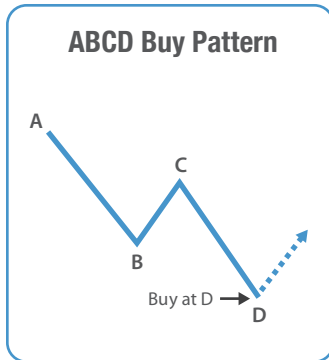


The Bullish ABCD Pattern



What is it?

- A leading indicator that may help determine where and when to enter a long position, or exit a sell position
- A visual, geometric price/time pattern comprised of three consecutive price swings, or trends—it resembles a lightning bolt on a price chart
- Reflects the common, rhythmic style in which the market often moves

Why is it important?

- Helps identify buying opportunities in nearly any market for almost any timeframe
- All other bullish Fibonacci patterns are based on (include) the bullish ABCD pattern
- Highest-probability trade entry may be at the completion of the pattern (buy at point D)
 - Retracement followed by an extension suggests a higher probability for another retracement to occur
- Helps to determine risk vs. reward prior to placing a trade
- May provide a stronger trade signal when it converges with other patterns — within the same timeframe or across multiple timeframes

Sounds good ... So how do I find it?

Each turning point (A, B, C, and D) represents a significant high or significant low on a price chart. These points define three consecutive price swings, or trends, which make up each of the three pattern "legs." These are referred to as the AB leg, the BC leg, and the CD leg.



Source: GFT

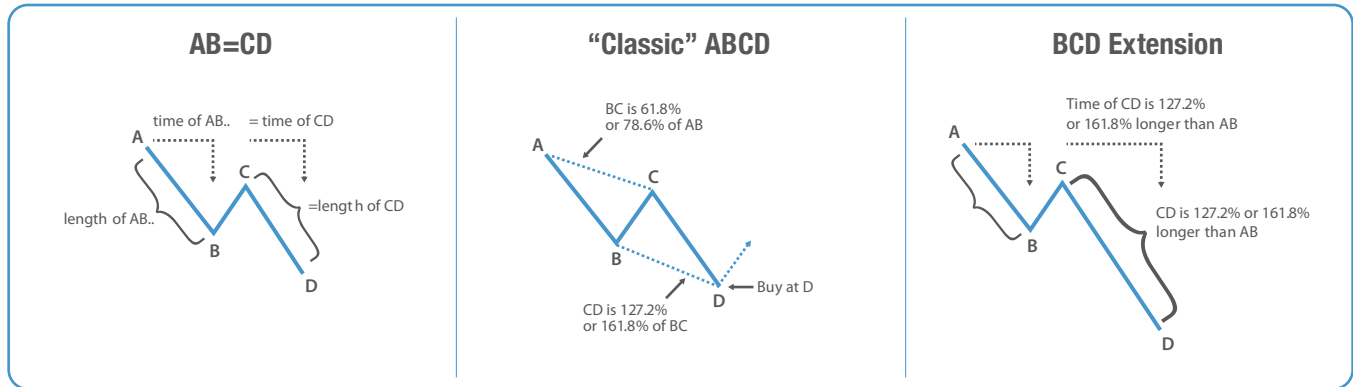
Trading is not an exact science, so really there are three different types of ABCD buy patterns. There are key Fibonacci ratio relationships to look for in the proportions between AB and CD, offering an approximate range of where and when the ABCD pattern may complete. This is why converging patterns help increase probabilities and allow traders to more accurately determine entries and exits.

The Bullish ABCD Pattern (cont'd)

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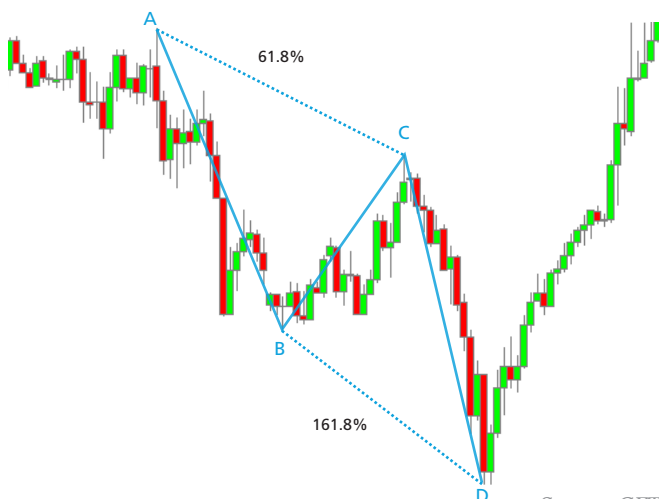
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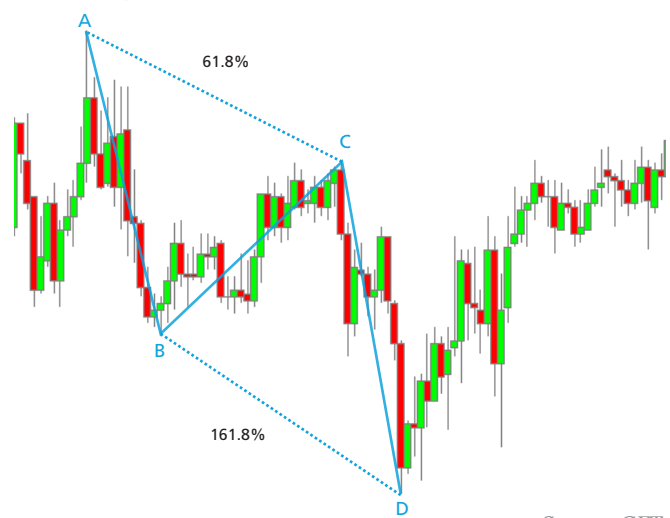
Bullish ABCD Pattern Rules

- Point A is a significant high, and point B is a significant low. In the move from A to B there can be no highs above point A, and no lows below B
- Point C must be lower than point A. In the move from B to C there can be no lows below point B, and no highs above point C
 - Ideally, point C will be 61.8% or 78.6% of AB ("Classic" ABCD pattern)
 - In strongly trending markets, BC may only be 38.2% or 50% of AB
- Point D must be lower than point B (market successfully achieves a new low). In the move from C to D there can be no highs above point C, and no lows below point D
 - CD may equal AB (AB=CD pattern)
 - CD may be 127.2% or 161.8% of BC ("Classic" ABCD pattern)
 - CD may be 127.2% or 161.8% of AB (ABCD Extension pattern)
- There may be additional confirmation when the time of CD is in ratio/proportion to AB
 - CD may equal AB in time, or CD may be between 61.8%-161.8% time of AB
- Watch for price gaps and/or wide-ranging bars in the CD leg, especially as market approaches point D
 - These may be signs of a potential strongly trending market. In this case, a 127.2% or 161.8% ABCD extension pattern is more likely to occur.

Example 1: USD/CHF, 30min



Example 2: EUR/CHF, 15min



IMPORTANT NOTE: Trading foreign exchange on margin carries a high level of risk, and may not be suitable for all investors. The high degree of leverage can work against you as well as for you. Before deciding to trade foreign exchange you should carefully consider your investment objectives, level of experience, and risk appetite. The possibility exists that you could sustain a loss of some or all of your initial investment and therefore you should not invest money that you cannot afford to lose. You should be aware of all the risks associated with foreign exchange trading, and seek advice from an independent financial advisor if you have any doubts. Past performance is not necessarily indicative of future results. CD04U.052.030509