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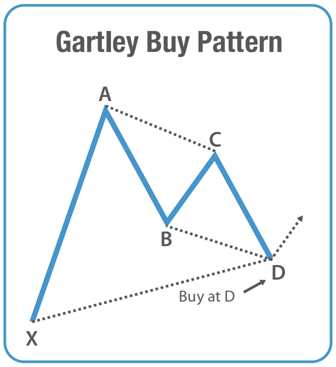
The Bullish Gartley Pattern



What is it?

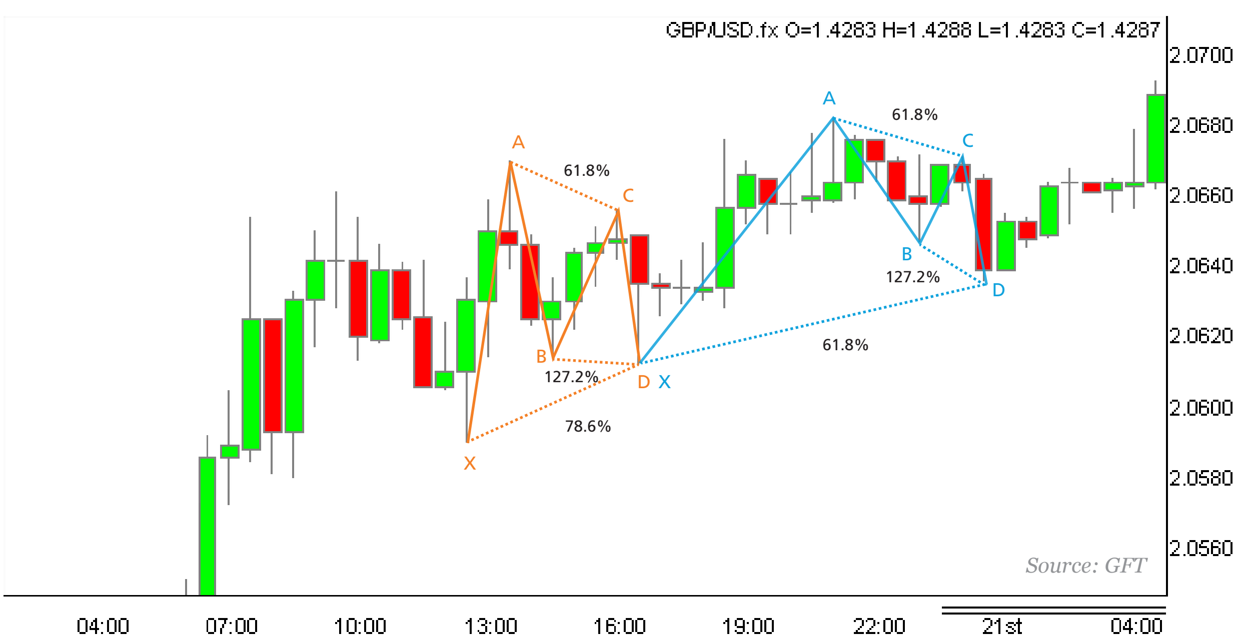
- A visual, geometric price/time pattern comprised of four consecutive price swings or trends. Typically resembles the letter "M" on price chart
- Contains a bullish ABCD pattern preceded by a significant low (point X)
- A leading indicator that may help determine where and when to enter a long (buy) position, or where to exit a short (sell) position
- First introduced in 1935 by trader H.M. Gartley in his book, *Profits in the Stock Market*

Why is it important?

- May help identify potentially higher-probability buying opportunities in nearly any market and in nearly any timeframe (intraday, swing, position)
- Reflects the convergence of Fibonacci retracement and extension levels at point D, suggesting a potentially stronger level of support, thus higher probability for market reversal
  – Ideally, X to A should move in the direction of the overall trend. The move from A to D typically reflects a short-term correction of the established uptrend
- May provide a more favorable risk vs. reward ratio, especially when trading with the overall trend

Sounds good … So how do I find it?

For this pattern to be valid, each turning point (X, A, B, C and D) should represent a significant high or significant low on a price chart. These points define four consecutive price swings, or trends, which make up each of the four pattern "legs." These are referred to as the XA leg, AB leg, the BC leg, and the CD leg.



The Bullish Gartley Pattern (cont'd)

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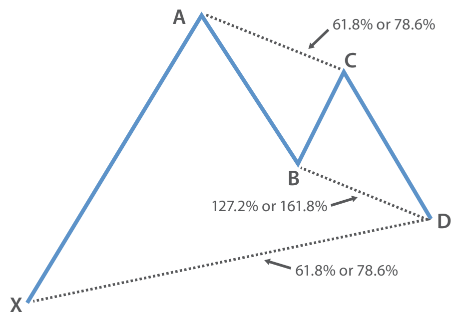
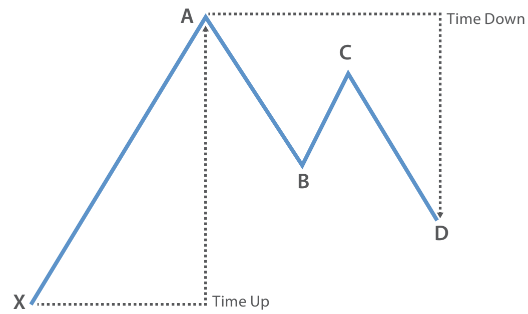
Gartley Buy Pattern (Bull)



Gartley Buy Pattern (Bull)

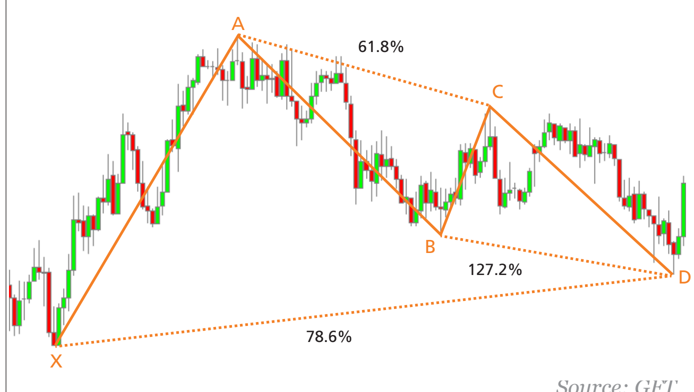


Bullish Gartley Pattern Rules (buy at point D)

1. Swing down from point A to D ideally will be a 61.8% or 78.6% retracement of XA
   - Note: A valid ABCD pattern must be observed in the move from A to D
2. The time from XA and AD ideally should be in ratio and proportion
   - Time of AD is typically between 61.8% – 161.8% of XA
3. In limited instances, the ABCD move may complete at 100% of XA (double bottom)
   - In this case, the time of XA and AD should be equal for a "true" double bottom
4. Pattern failure (e.g., the price moves beyond point X) indicates a potentially strong bearish continuation may be in progress
   - Prices may move down to at least 127.2% or 161.8% of XA

Example 1: AUD/JPY, 30min

Example 2: NZD/USD, 1hr



Example 3: USD/CAD, 15min

Example 4: GBP/USD, 30min