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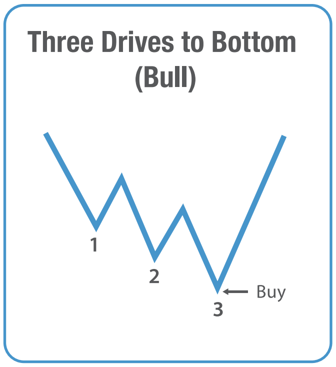
The Bullish Three-Drive Pattern

(three 'drives to a market bottom)



What is it?

- Suggests a potential reversal of a bearish market
- One of the rare patterns where price **and** time symmetry are key
  – Once you know what to look for, this pattern may be easily identified or "jump out" at you
- Formed by three consecutive symmetrical valleys
  – Contains two connecting (intertwined) bullish ABCD patterns
  – Also contains a bullish butterfly pattern (completing at the third drive)

Why is it important?

- Suggests the culmination (exhaustion) of a bearish market where a more significant correction may occur
- May offer an excellent risk-to-reward ratio
- Pattern failure suggests a potentially strong bearish continuation may be in progress

Sounds good … So how do I find it?

First, it's important to remember not to force a three-drive pattern. Price and time symmetry are key, so the pattern should really stand out as three distinct, symmetrical drives to a bottom. Traders should also remember that the three-drive is far less common than a butterfly or Gartley (especially on longer timeframes).

The Bullish Three-Drive Pattern (cont'd)

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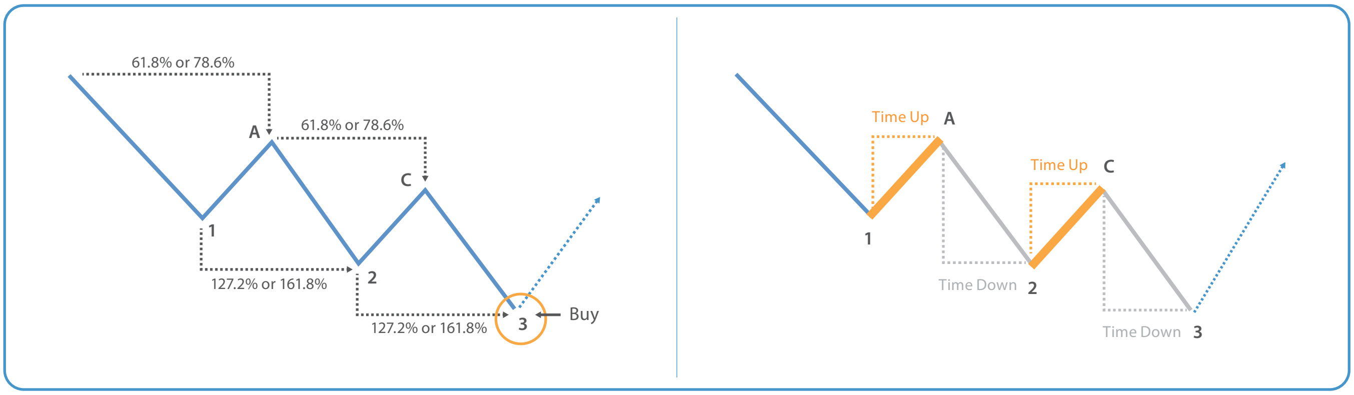

Bearish Three-Drive Pattern Rules (potential buy at third drive)

1. Symmetry is the key to this pattern
2. Drives 2 and 3 should be 127.2% or 161.8% extensions of the A and C retracements
3. The A and C retracements will typically be 61.8% or 78.6% of the previous swing
   - In strongly trending markets, these retracements may be 38.2% or 50%
4. The times of the A and C retracements should be symmetrical. The same is true for extensions (second and third drives to the bottom)
5. A large price gap at anytime may be a sign that the pattern is wrong. Traders should wait for further confirmation that a bottom is in progress

Example 1: NZD/USD, 1hr

Source: GFT