

Hi,

I just took a look further at the HS.

The Head and Shoulders formation is a reversal pattern. There is no need to say that a big HS means a big change. A small HS means a small change. Sometime both shoulders are about getting their top at the same price level, but take the time to look at the macd formation. If there is a divergence then the pair could trend in the same direction.

So an HS means the price to go down, meaning all the set up has been done, everything tend to go down but move up instead, then it could be a warning that a top would come soon. But still could be expressed by a strong move up.

Sure the HS formation can be called three RT, and an inverted HS can be called 3 RB.

Then price break the neck line, it looks to me that everyone on earth knew about it (except me sometime!) because very often the break out is shown as a strong candle, so everyone took the short trade except me! (They knew, they anticipated that move down!)

Then when the pair is getting back at the neckline, now known as a resistance, it tends to move away, making a TC at the same time.

So if I take a look at the formation: there is a HS, a broken neckline, a pull back, and a move away: I call it "a rejection" of the whole HS and could be expressed by another strong candle.

In the stock market, it is easy to see when people are buying, it is expressed buy the "Volume", more volume, more demands on the stock, more demands means price going at higher level, and if there is still demand, with time, you can easily see a raising volume. This is why it is said that volume goes with the trend. If you see that there is a raise in price and there is no raising volume, then there is a warning: don't get there either! ---it could be seen as momentum expression.

But in the FOREX, volume is not necessarily a momentum expression, but the Macd could replace the volume. So if we see a RT on the pair and the macd don't reflect it, or a weak reflection, it could means a warning.

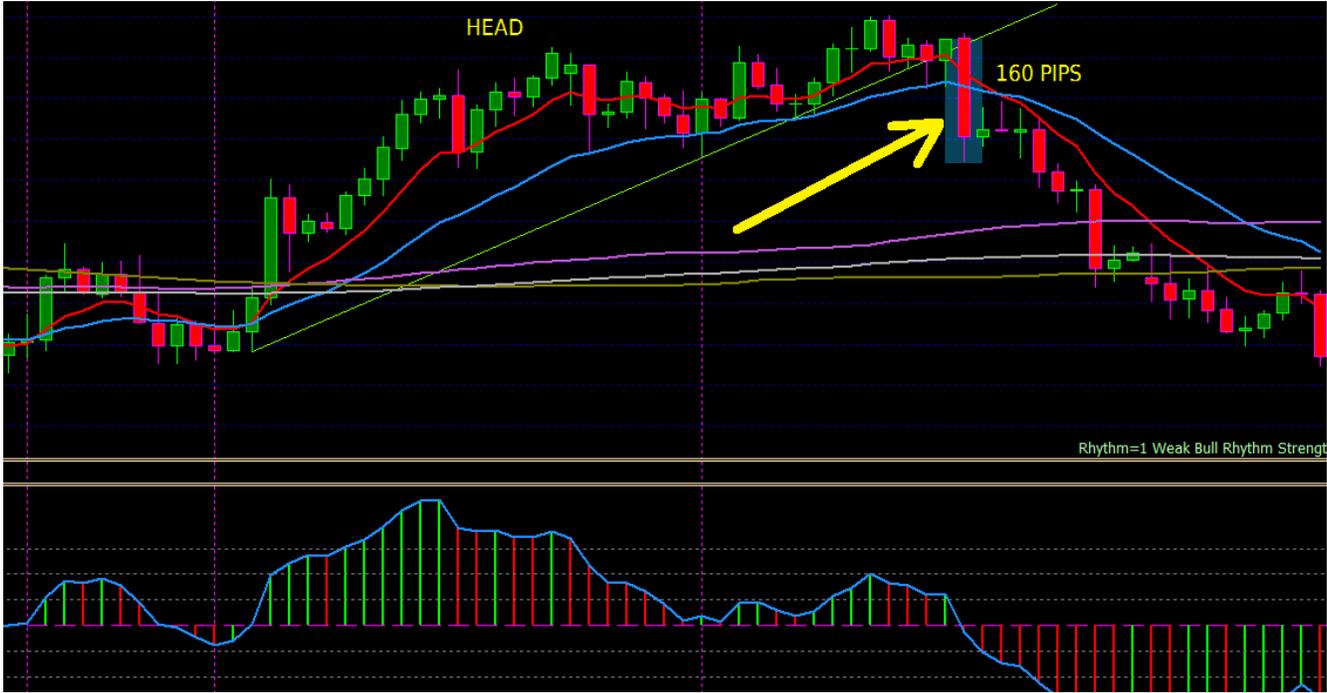
Below, the Mac expressed the "Momentum" by saying: warning. But again, don't you think it did say that well in advance, before the move down? The strong candle (160 pips). Sure there was a sign of weakness expressed by the Macd.

Did we know by how far down the pair would moved?

Sure, by calculating the range covered from the neck line to the highest point made by the price. That could be the range.

There is some example, they don't need explanation, they are just beautiful to see!

Hoping you will enjoy them as much as I do!







EURNOK 4HRS AVA CHART



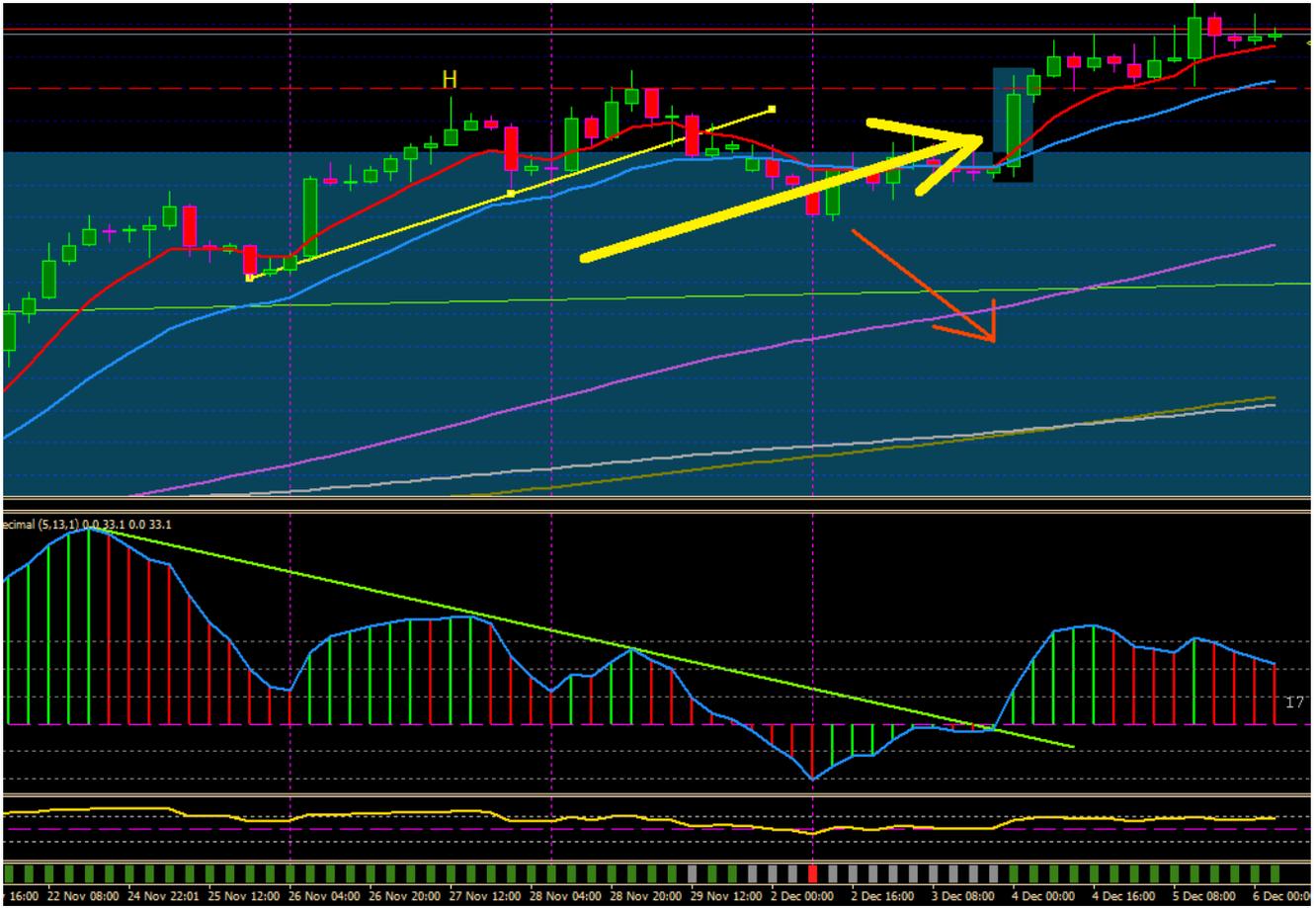


EURTRY 4HRS AVA CHART





This one below is saying that an expression of a reversal as been set and price should go down, but a warning to the traders because the market is turning around, expressed by a strong bullish candle. Warning.



Beautiful HS isn't it?

Yvon