

The Bullish AB=CD Pattern

The Bullish AB=CD pattern is an excellent measure when looking at a well-defined sell-off. Although the symmetry may vary, this basic structure is a minimum requirement for all harmonic patterns (see Figure 4.1).

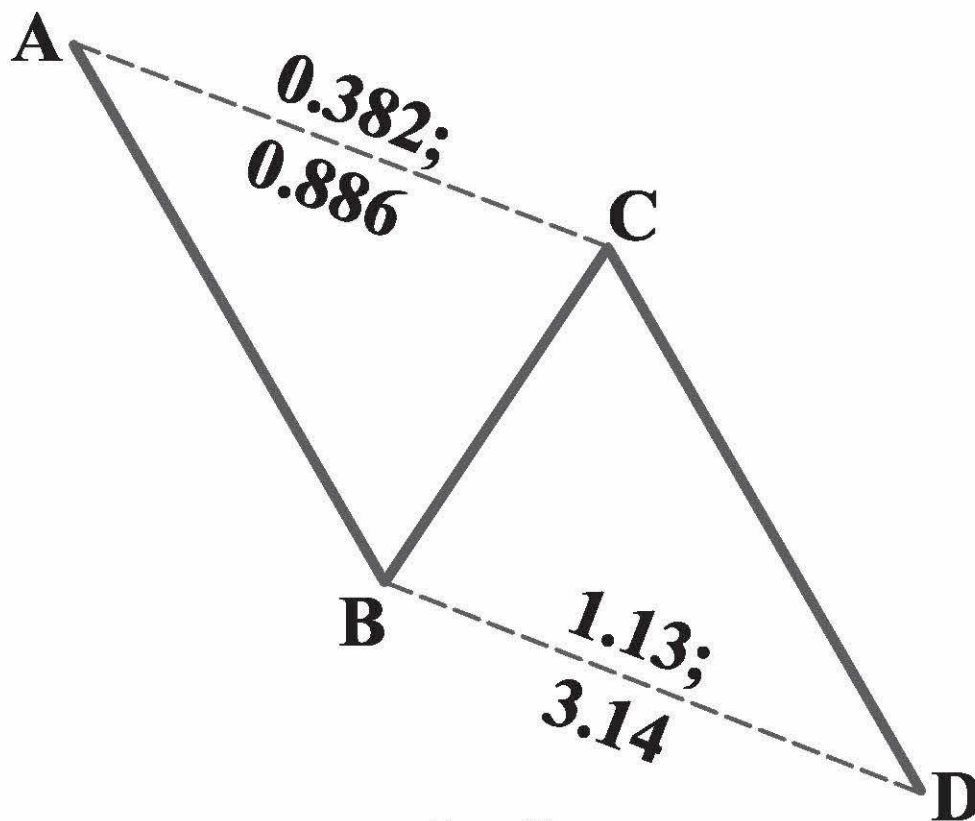


Figure 4.1

It is important to point out that the "0.382; 0.886" Fibonacci retracement range for the C point can be any of the Harmonic Trading ratios that fall between these two constraints. Therefore, the C point can be 0.382, 0.50, 0.618, 0.707, 0.786, or 0.886. Referring to the reciprocal ratios listed on the previous page, this correlates into a BC projection that can either be a 1.13, 1.27, 1.41, 1.618, 2.0, 2.24, or 2.618. In some rare cases, a 3.14 projection can be utilized.

The Bearish AB=CD Pattern

The Bearish AB=CD should possess a distinct symmetry with the completion point of the pattern complementing the BC projection and defining a precise PRZ (see Figure 4.10).

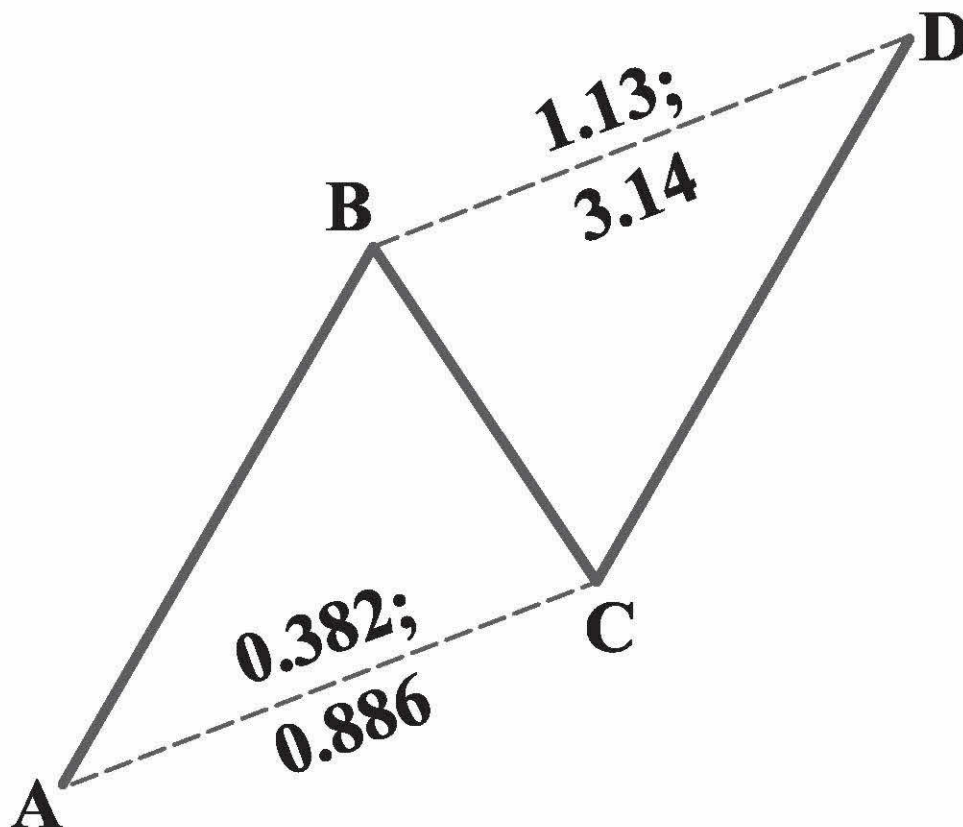


Figure 4.10

Again, it is important to point out that the "0.382;0.886" Fibonacci retracement range for the C point can be any of the Harmonic Trading ratios that fall between these two constraints. Therefore, the C point can be 0.382, 0.50, 0.618, 0.707, 0.786, or 0.886. Referring to the reciprocal ratios, this correlates into a BC projection that can either be a 1.13, 1.27, 1.41, 1.618, 2.0, 2.24, or 2.618. In some rare cases, a 3.14 projection can be utilized.