Quasimodo Pattern (Over and Under)

TABLE OF CONTENTS:

Easy guide to trading the Quasimodo Pattern

The **Quasimodo Pattern** or *Over and Under* pattern is a relatively new entrant to the field of technical analysis in the financial markets. Although new, the Quasimodo pattern is a commonly occurring theme that is more frequent when price carves a top or a bottom or when price begins a major correction to the trend.

The Quasimodo Pattern, although complex as it might seem is actually very simple. This trading pattern is especially powerful because when it occurs, in most cases, traders will notice a confluence with other methods of analysis.

For example, when a trader spots a **Quasimodo pattern near a support or resistance level**, it increases the confidence of the trader or the trading probability. Likewise, when trading divergences, when you spot a Quasimodo pattern, that confluence can be used to trade the divergence set up with more confidence.

As we can see from the above, the Quasimodo pattern is not a trading strategy by itself but is more of a confluence pattern that can be used to confirm a trader’s bias. Of course, the Quasimodo pattern doesn’t appear all the time, but when it does, traders can be sure that the market offers a high probability trade set up.

What is the **Quasimodo** (Over and Under) Pattern?

A Quasimodo Pattern is simply a series of *Highs/Lows and Higher or Lower highs or lows*.

Quasimodo Short Signal Pattern

1. There should be a prior uptrend in the markets
2. Price makes a new high, declines and makes a new local low
3. Price then rallies above the previous high to mark a new higher high
4. Price then falls to form a new lower low
5. Price then rises towards the initial high (but does not make a new higher high).

The fifth level in the set up is the trigger, where a short position is taken. Stops are set above the higher high and the take profit level is up to the trader.

Quasimodo Long Signal Pattern

1. There should be a prior downtrend in the markets
2. Price makes new low then makes a small rally and forms a local high
3. Price then declines to form a new lower low taking out the previous low
4. Price then rallies to make a new higher high and then declines

5. The final decline is equal to the first low

The fifth leg in this pattern is the trigger for long positions with stops set to at or below the lower low

Quasimodo Long Signal Pattern Examples:

Quasimodo Long Example #1

1. Price is in a downtrend
2. Price then makes a new low at 99.923 and then makes a new local high at 100.274
3. Price then declines and makes a new lower low at 99.983
4. Price then rallies to make a new higher high at 100.38 and then declines
5. The final leg in the decline is just a few pips above the previous low. This triggers a long signal

Here is another example of the Quasimodo Long example:

Quasimodo Long Example #2