

Ratios & Harmonics Thread Summary Part 1

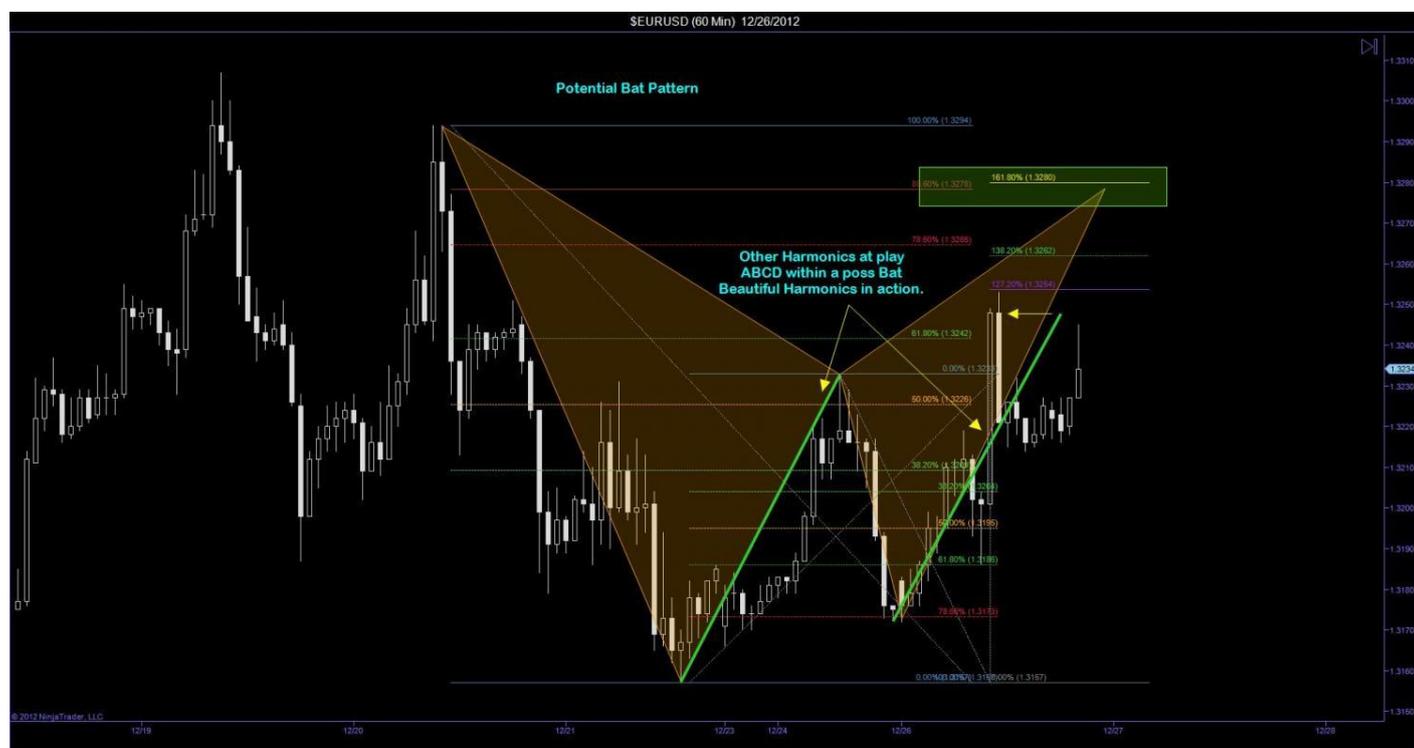
What is market harmonics? Is it possible that the markets are not random? The answer is yes there is nothing random about this or any other market or instrument you wish to trade.

Harmonics is the process of identifying the market's rhythm or its pulse if you will and exploiting any and all opportunities. There are visual occurrences that have tendencies to repeat themselves over and over again. It is our job as chart technicians to identify them and trade them. The principles of harmonics and ratios have no boundaries. They can be applied to any instrument or timeframe. We will peel away the myth of the term "noise" and learn to focus on the only thing that matters on a chart, PRICE.

Regards,

Mr. Pip

A taste of things to come. Enjoy the chart!



Posted by [tapspile](#)

Looking forward to your input. Perhaps your harmonics are what I am considering as waves.

Best wishes

I am not in tune with wave theory. The whole thing opens up to subjectivity which is an aspect I have removed from my trading. We will discuss swings but the process has been simplified. I keep things simple because I believe it's in our nature to complicate everything.

I trade what I see not what I think. We will begin the process of identifying on a chart where decisions are made. We do not chase price around we wait for it to come to us. This adds to the value of the setup because it validates our analysis. PRZ (Price Reversal Zones) are magical places you will come to love.

Regards,

Mr. Pip.

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I made this short video a while back for a group I was mentoring. It is a great foundation we can build on. View the video on Fibs and Harmonics.

Regards,

Mr. Pip

<http://www.forexfactory.com/showthread.php?t=402253>

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Let's talk about areas of confluence. Confluence areas are where trading decisions are made. In these areas positions are covered and others are opened. They are by far the best areas for high probability trade setups.

It is a coming together of different technical tools that adds tremendous strength in the decisive nature of price movement. The more elements that meet at a specific place and time the stronger the hurdle for price to overcome. Price often takes the path of least resistance.

The market is what it is, the collective sum of its participants. It is an impossibility for anyone person to think what any one trader is thinking much less the millions that trade it. It is an emotional machine steered by the 2 most basic human emotions fear and greed. Confluence helps us identify where traders collectively have the highest probability to make these decisions with unprecedented precision. The chart below shows the power of confluence.

What is involved in areas of confluence?

Support/Resistance, Fib Ratios, Fib Ext., Harmonic Patterns and on occasion trend lines. We are always building a case for entry. There must always be a reason for getting into a trade. If you cannot answer why you want to take this trade then you should not take that trade.

Regards,

Mr. Pip



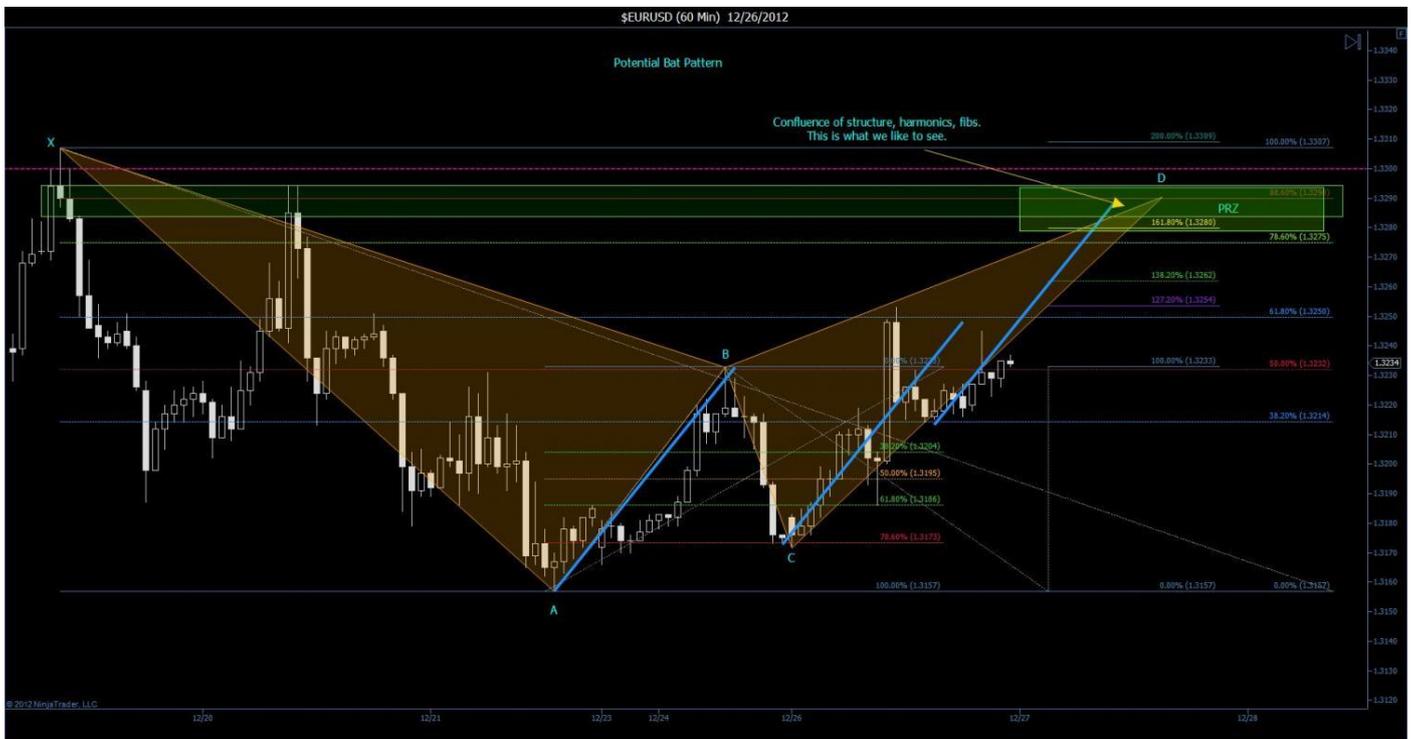
I don't expect you to understand this yet but I like to show chart examples. I just want you to see the confluence. When and if price gets to the PRZ the market will be overbought and there are simply too many obstacles for price to overcome.

I will not confuse you with fancy supply and demand terminology and will keep things simple for the newer folks here. The expectation is for weakness to give way to strength. The bears will be waiting here for an opportunity to take price lower. The path of least resistance will likely prevail.

Don't focus on this pattern too much just want to show you a current example of confluence at a pattern completion point. We will get into patterns and harmonics later on.

Regards,

Mr. Pip



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The pattern alone has a high probability but we also have added confluence which is an added bonus and gives the pattern even more validity. I would look at how price behaves in the PRZ before taking the short unless I'm not at my PC then it would be safe to enter with a limit order.

Keep in mind that price may interact with the round number above. Price has just pierced into the PRZ as you can see already this area has an effect on price.

Regards,

Mr. Pip

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Posted by [ozziedave](#)

At what price is the BAT pattern invalid or what makes the EUR BAT pattern invalid?

Hey Dave glad to see you here. This question is before its time but I will answer your question. Each pattern I trade has specific rules of engagement. I will post these later on. I like your thinking. We must learn to qualify these patterns. They must comply with their specific rules. My rules for they patterns have been extensively tested and offer the highest probability setup.

This pattern will be invalid if X is violated.

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Posted by [-er-](#)

three drive to the top?what do you think ?

That is the main problem with indicators and why I don't use them. I may be old school when it comes to trading but not every pattern is tradable. Remember that we must qualify these patterns for strength and weakness.

These patterns have specific rules and in theory could be coded but this is the biggest problem. What will you use to measure the swings that make up these patterns? The ZigZag? This is a very poor choice as this indicator is constantly adjusting itself so it repaints severely.

Also when you start relying on indicators a terrible thing happens. We become lazy and lose sight of what is most important on a chart, price.

Price action is king and will tell us ahead of time if our analysis has any substance. I simply do not believe in indicators and only became profitable when I stopped using them. They do not tell me anything that I do not already know. Once you learn to align yourself with price they will have no value to your trading and only clutter your mind.

A price action trader is in the current the indicator is lagging so it is in the past. What they tell you has already happened and that message may have already changed or at the very least get you late to the party. We will discuss this later on as well. I hope this answers your question and one of my favorite quotes "On the road less traveled there are no shortcuts".

Regards,

Mr. Pip

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[Posted by -er-](#)

[edit](#)

FIX CHART

Yes this was pointed out in the chart I posted last night. It is not uncommon to see patterns within patterns and other harmonic elements. These elements help us in the confirmation and validation process of our analysis. Good eye!

Regards,

Mr. Pip

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I think now is a good time to discuss swings. We will not get into counting waves as these patterns do not call for this type of analysis. I believe wave may add value in adding further confirmation but it is not required to identify the patterns we will be looking at.

We look for price to be within a high and a low of a swing this is what I refer to as a dominant swing. We also look for a sore thumb high and a low. I refer to this as the main swing and always have the dominant swing within it. We use our Fib tool to measure these swings and start the process of finding confluence and pattern identification. I will show you some chart examples. There is no need to over think this process or identify a bunch of swings in the process. This may need further discussion but I will hold to see what kind of questions come up.

The first chart is one you are already familiar with.

The second shows a main swing and a dominant swing. I wanted you to see the relationship between the swings.

Regards,

Mr. Pip



No apologies needed my friend I just don't want you to lose what is important PRICE. In time you will train your eyes to spot these from a mile away. It will take you longer to train your eyes if you rely on the indicator because you may not be using the correct thought process the indicator is and the indicator will never be as precise as you.

1. How do you calculate the PRZ

I found out that there are two important points for the AB=CD pattern PRZ

- one point is the completion point $D=C+(B-A)$
- and the reciprocal of the C retracement

We will get to the PRZ in due time but to answer your question it is calculated using fib extensions and harmonic projections. The video I posted helps you relate to this PRZ concept.

2. Do you use both of the calculated points ?

Yes both points should give you a nice area of confluence.

Per my rules its a bat pattern



I have to run out for a few hours will be back later to add some more and answer questions. So keep them coming.

Price has an immediate response to the PRZ on EU we can discuss this later today but a beautiful trade if anyone got in on it. Profit area is around 1.3205 stops are at break even. So far 60 + poss pips. How powerful are PRZ????

I did not take this trade. I'm done for the year but am pointing out to you so you can see the power.
Regards,
Mr. Pip



Target hit as mentioned earlier. Poss 75 green pips now give me some time to catch up and answer questions. Thanks!



From earlier post too. Okay this time I mean it. I'm going to catch up. LOL



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[Posted by NuNix](#)

so the dominant swing is located between high-low the main swing, and the main swing will failed if the dominant swing through that high/low?

Yes, and the patterns all utilize some combination of these swings. A failure of a swing may invalidate a particular pattern but will open the door to another we will talk more about that when we get to the patterns.

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I do not use and indicators. I believe they are unreliable. Put the indicator a side and I will show you how they are no match for a properly trained trader. Stick around my friend. As you might have seen the entry and profit target were hit with extreme accuracy and without any indicators on the EU. That's what you can expect from Harmonics.

Regards,

Mr. Pip

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We will get into this soon I just want to make sure we are all on the same page with the swing identification process. I promise I will deliver but be patient.

Indicators may look cool but traders don't know how to use them. They have no value to my trading they have 0 predictive value and can only tell you what you should already know. 🤔

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Yes, This man is a pioneer in harmonics,

Harmonic Trading, Profiting from the Natural Order of the Financial Markets by Scott Carney I do not have a digital copy or I would post it for you the book is a bit pricey but well worth the investment. He has a site where you can grab an earlier version of this book for free just visit and download the book. The new version is a more current. I'm glad you are enjoying this. I enjoy it too.

Regards,

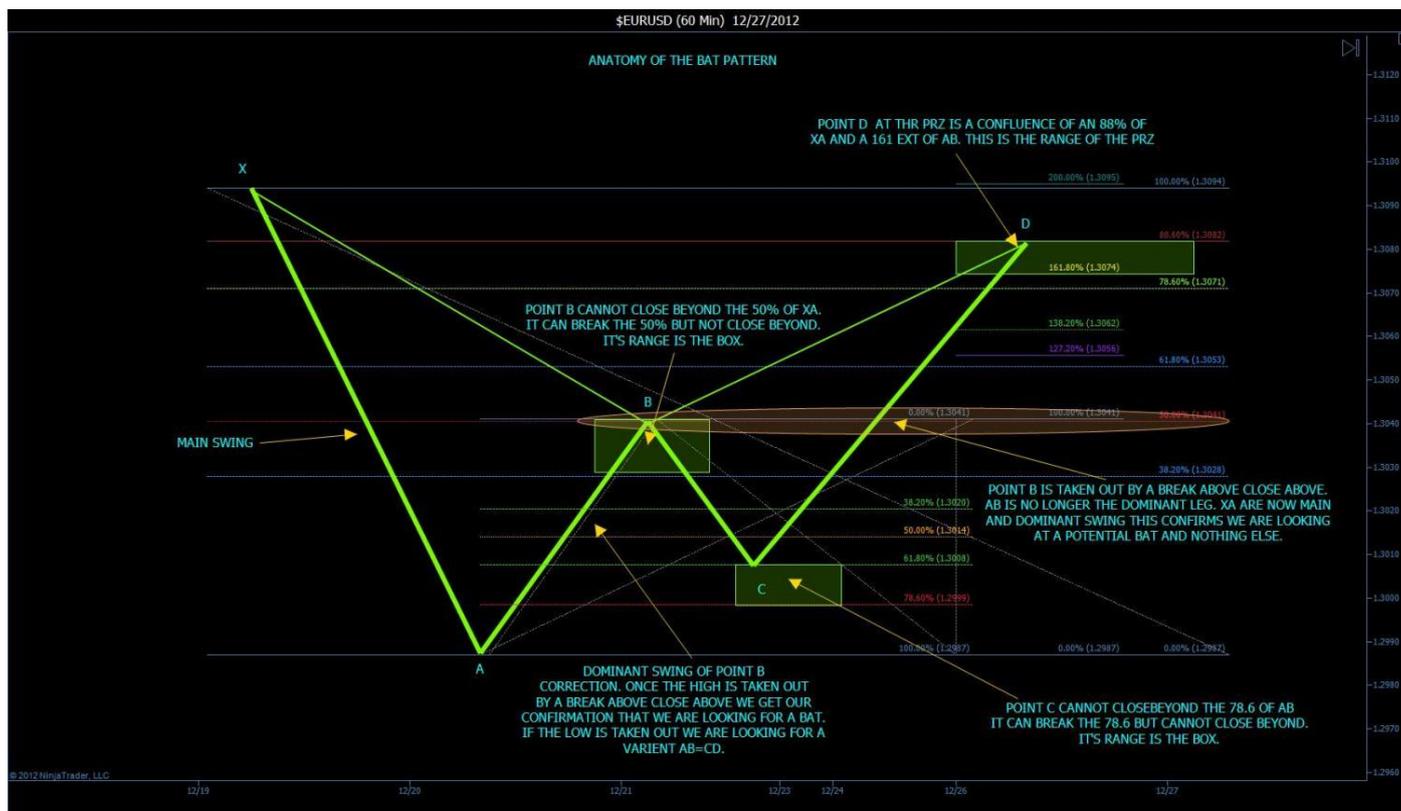
Mr. Pip

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It has been mentioned and eluted to that how often do these patterns occur and if it is missed one could look to a different time frame. As I mentioned in the beginning, harmonics have no boundaries they apply to any timeframe or instrument. The question is really what are you comfortable with? How busy do you want to be and how much chart time do you have as a trader?

You have to address this early in your career. What are your hours of operation? Then you can identify a timeframe that gives you the best possibilities based on whatever system you chose to trade. It makes little sense that if you only have two hours in a day to trade that you look for setups on a 4H chart. Sure they will come but you will miss a lot more then you grab. Make sense?

This is the proper way to analyze a Bat Pattern.



Here you go hope it helps.

http://www.youtube.com/watch?v=fP8jQw6ZGjI&feature=player_embedded

Still a potential Bat look at the chart.



Posted by [Nate04](#)

I've been reading this thread since the beginning, and its quite apparent to me there are some on here who are already miles ahead of me... Bats, etc... Obviously I have no clue how to identify them yet. One question for Mr. Pip concerning your swings on page 3. How far back do you usually look on your charts? Like in the chart I've posted below, would the main swing start from Nov. 16th to Dec. 12th with the dominate swing from Dec. 12th to Dec. 26th? Or if you brought it in for a closer look, like I did in the second chart, would Dec. 12th...

Hey Nate,

I promise we will all end up on the same page. You are ashort step away from being able to identify the swings. Don't sweat it I will always take the time to make sure everyone understands. Ask the questions you need to ask no question is too elementary and they are all welcomed.

The proper answer is as long as it takes. In strong trends you will see extended swings. They are not any more or less reliable on time but more on the ratios. Your swing analysis is correct and to show you some harmonics within the main swing there was an ABCD. They guide us through price action. Harmonics are everywhere.



Posted by [NuNix](#)

So my drawing pattern on this chart is not valid because point B is close beyond the 50% of XA ?
 That is correct. We are looking at a Gartley pattern with the completion of the ABCD.



Folks I know we are all excited and want to start trading these already but we are not there yet. We have all experience levels here and I need to make sure we all understand the principles and concept. It can be easy to force patterns into price action. This is why we must identify the proper swings.

It's getting late here and I'm a bit worn out. Tomorrow we will discuss ratios and swings. I wanted to cover this tonight but ran out of time. Please keep the questions coming but I want to focus on swings and ratios tomorrow then confluence and its power.

Good night!

Posted by [Bary](#)

Hey Mr PIP,

A close above the 78fib would invalidate the pattern. The question is on what time frame does that close have to be on?

Hey Bary what's up? Close and it would be the 61.8 if that holds we are looking at a Gartley in the other direction.



ABCD completed which completed the Gartley and price has had another immediate response to the PRZ. Can you see the power? No indicators just Harmonics.



Posted by [Bary](#)

Because of the strength of the move down to the PRZ and weak bullish price action I'm tightening my SL. I also went in with a small position, it is Fri. you know.

Every time we take a trade we have to accept the risk reward involved. The market needs breathing room. Don't tighten it too much or you will get hurt. This trade is off of the 1H timeframe. Initial stop goes 10 PIPs below X stop moves to BE at the 38% of AD and target just short of 61% of AD. We will cover this when we cover trade management.

1. what is best time frame for harmonic ?

Any it depends on you and how much screen time you have.

2. prz is an area which we talk about price level.. what about timing ? personally.. to reduce false level i use bolinger to confirm double top/bottom within PRZ..anyone has another idea for this ?

We will get to the PRZ soon please be patient, no indicators are needed if you wait for indicator confirmation you will mis the trade. Price hates the PRZ and doesn't hang out there long.

Stops should be at breakeven as the 38% has been hit and depending on entry around 35 green pips. Congrats risk has been removed. Stress free trading have to love it.



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Going to get some Breakfast give me a few when I return I will start to discuss ratios and swings.

Are we seeing the power of harmonics? There is no guessing and no subjectivity. It's clear cut simple rules based trading. Once you grasp this you will be on your way to the 10%. I want everyone to join me here it's a lonely place.

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Target Hit. For those that took the trade congrats, for those that didn't no worries this happens all the time. I'm not trading either I'm done for the year enjoying my time with you all.



Let's discuss how we apply ratios to swings and begin the process of identifying potential patterns.

We will begin with the Gartley that just completed since it's fresh in our minds.

I will do this in a few posts step by step so we go not get confused.

The first thing we need to identify is a main swing. This is a swing that is obvious just by looking at it, 100 out of 100 people would have to agree on the high and the low.

Once this is identified we have to know that there is a high likelihood that it will at some point become an anchor leg to an advance pattern. It is important to take a look at previous swings to make sure this swing is not part of a pattern already in formation. This can happen if you have not been following the pair and just opened the chart.

Remember I said that it is not uncommon to see patterns within patterns and back to back patterns this happens a lot we just saw it here; just yesterday we had a bat pattern and now a Gartley. So just take a look and make sure you validate your swing as a potential anchor leg.

In the next post we will measure this with our fib tool.



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We can now draw our Fibonacci retracement lines from the low to the high of the main swing. This first retracement is the most important as it will identify what potential pattern or patterns we are looking at. Also, we can begin the process of elimination. Depending on this correction other patterns will be discarded.

So now our focal point become between the 38% and the 78% correction of the main swing. Price has to close somewhere in this zone and form a low. This low cannot be taken out by a lower close or all patterns become invalid and the process starts all over. Keep in mind that if this occurs, take a look at the previous swing because you could have missed something. Price has to stay within the confines of this zone! This correction will become point B or C of any pattern. Sorry the chart should say B or C in the green cube.



Now that we have our first correction we can establish it as the dominant swing. I use this terminology because it has dominance over deciding what patterns we will discard and which one we will keep on the table. It also has price action trapped within its high and low so it also has dominance on price action. We now know we are dealing with a Gartley, Crab or ABCD all others are discarded per my rules of engagement as the close fell between the 50% and the 61%.

In the next post a Fibonacci will be extend from the high to the low to further define our pattern. We already know it can only be one of three so the process simplifies as price progresses.



We can now extend the Fibonacci retracement line from the high and low of the dominant swing. Every swing in the process has its own role in helping us further validate the pattern that is forming. This swing will also iron down our unknown X,A,B,C.

To achieve this we use a conditional thought process our approach should always be an **IF=Then** process. Let me explain this a bit more. **If** this happens **then** I will do this. There is no guessing involved no subjectivity.

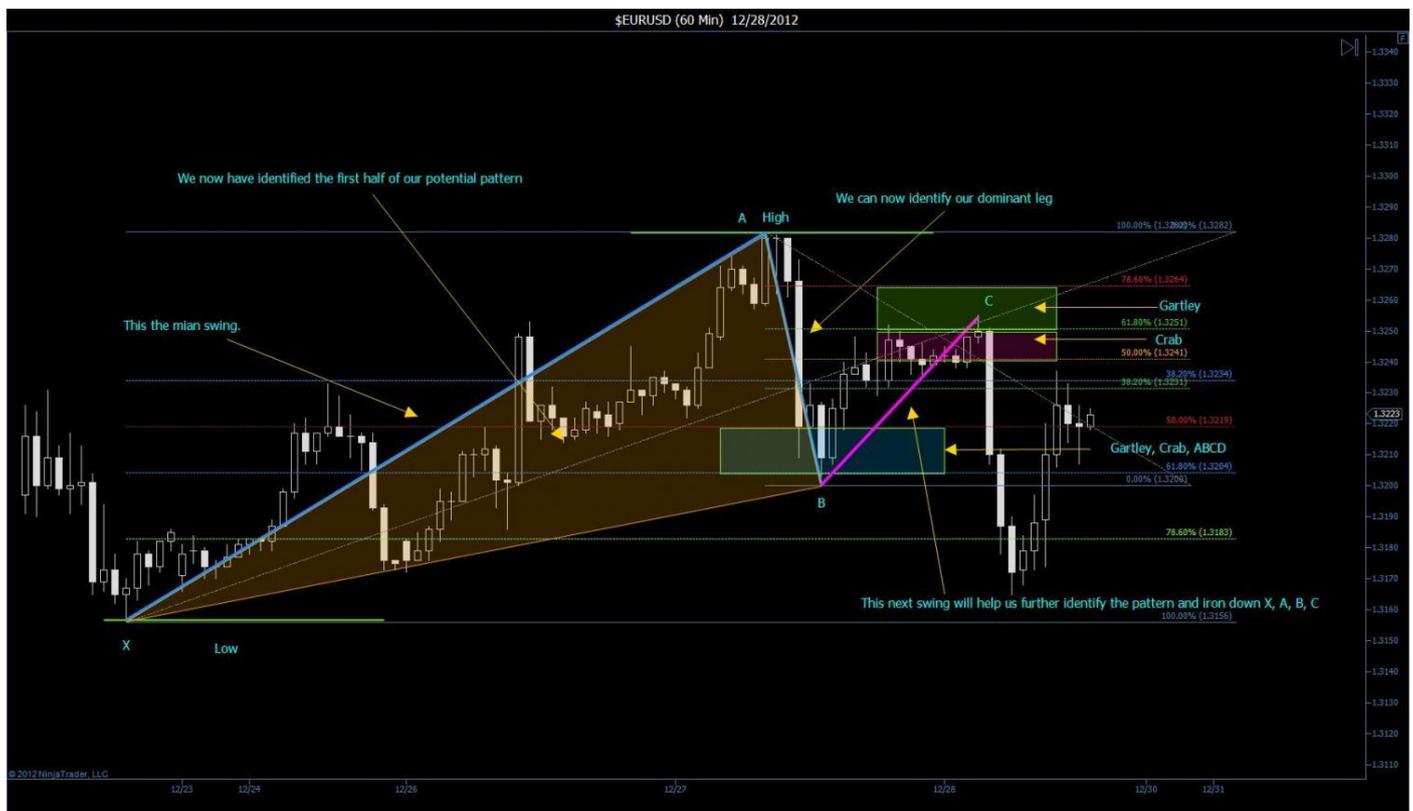
If the high of the dominant swing is taken out by a break above close above **then** the Gartley and Crab are discarded and we are looking at an ABCD.

If price retraces to the green cube **then** we are looking at a Gartley Pattern.

If price retraces in the dark pink cube **then** we are looking at a Crab Pattern.

As you can see price pierced the 61.8 making it a Gartley Pattern and we can identify points X,A,B,C.

Our next post we will identify where point D should terminate and identify the all so important PRZ.



Great we are almost there. We know we are looking at a Gartley and we need to identify where D is suppose to be and identify our PRZ.

D is by the rules of engagement and area of confluence between the anchor leg XA of 78.6 and a 127 extension of AB.

So now we have D identified great so this is where the pattern completes. Now we have to see what other harmonic element we can utilize to form the PRZ

We will do this in the next post.



The PRZ is a magical place. This is where decisions are made and often fast. Price generally does not hang around here long. We don't have a rule for how valid a PRZ is but the more confluence of harmonics and structure line up at a pattern completion point the stronger that PRZ becomes and also the reaction to price.

In this pattern we had the following:

We know price is to begin with at an exhaustion point (oversold by Fib extension).

We have nice confluence at D (78.6 and 127).

We have a Harmonic AB=CD Blue line.

We had a 138 Fib extension lining up with structure.

We now throw a cube around this area and bam the PRZ.

This particular PRZ had four areas of confluence and sometimes there may only be the pattern. The more you find the stronger the PRZ becomes. Don't feel the pattern is any less tradable if it's the only confluence you can find in the PRZ.

Well my friends you can see how we build a case for entry and have plenty of reasons to engage the market.

We identified weakness with harmonics and ratios and took advantage of a very high probability trade.

Are there any questions? Do I need to go over anything again?

Maybe tonight or tomorrow we will get into the PRZ



Posted by [alij79](#)

Mr. Pip i have question regarding formation of dominant swing.... at what point we know that this is the dominant swing... for instance price forms low again within 38 and 78 fib levels after few bullish candles and it can repeat again.. so how would we know that at this point the dominant swing is established?
 Once you have identified the main swing (no higher high or lower low) and that swing has a retracement of at least a 38% the dominant swing can now be established.

Posted by [Bary](#)

Mr. Pip, really appreciate your time and effort, especially when it takes you away from family!!! Thx a million pips!
 A couple of typo errors possible. Please review and clarify, after your family time of course.

Post 169: "that swing has a retracement of at least a 38% the dominant swing **cannot** be established.
 Maybe you meant "**can now**"

Post 165: **If** the high of the dominant swing is taken out by a **break above close above then** the Gartley and Crab are discarded and we are looking at an ABCD.

Bary thank you sometimes we type and our fingers do not listen to the brain.

Post 169: "that swing has a retracement of at least a 38% the dominant swing **cannot** be established.
 Maybe you meant "**can now**"

Yes, once a 38% is achieved the dominant swing is established.

Post 165: **If** the high of the dominant swing is taken out by a **break above close above then** the Gartley and Crab are discarded and we are looking at an ABCD.

Did you mean "**a break above the close**" or "**a break above**"

I meant what I wrote, I guess an easier way to say it is a close above the dominant swing.

Thanks agian Bary!

Posted by [Rexz](#)

Mr. Pip, you state in one of your images that Gartley is greater than 61.8% for the C point and that the crab pattern is below 61.8% and above 50% but as we didn't close above 61.8%, would this still be a valid crab pattern if price was to go way down past where point D ended? also within the book it states a crab pattern can have a C point with range between 0.382 and 0.886?

Good question and I'm glad someone brought this up. I will post the specific rules for each pattern when we get to that stage. What was done today was more for the steps involved and how to identify swings and how to draw the Fib. I used the Gartley for the example because it was what we were looking at since last night and it was fresh on our minds. I also promised to answer every question and I'm a man of my word.

The Gartley Pattern has to achieve a 61.8% retracement it can close past the 61.8 even the 78.6 but cannot close past the 78.6

The Crab Pattern has to achieve a 50% retracement but cannot violate the 61.8.

For me the rules are carved in stone and one invalidates the other and there would have to be other harmonic factors to look for a trading opportunity past D. I hope this answers your question and clarifies the issue.

-

Posted by [Ed777](#)

Mr. Pip

Have gone over several times and duplicated what you did on a chart and am now caught up to speed 😊

Just wondering if there is a reason you use fibonacci 78.60 instead of 76.40 that seemed to be the default setting on ninjatrade ?

Also, I am glad that Dave shared his thoughts and am hopeful that future participants of this thread will maintain integrity and respect

Thanks again,

Ed

The 78.6 has more harmonic relevance and is more popular among ratio traders so price will also respect it more.

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Posted by [Ezzy](#)

Wow!!! 🙌👍🥳🥳🥳 (This is how I feel about your thread)

I just turned on the PC to have a look at the progress on EU and US/CAD, I couldn't work out why PRZ zone was in the 1.3165 zone, I was looking for an fib extension to be hit. As I was about to ask you a question, I read on on the 3-4 pages on the thread added since last night, and I found all the information I needed right there.

I have been lurking and learning from your explanations and everyone's contribution, and I don't like to ask, in case...

Thank you for your kind words. I had to learn all this the painful way and love to help traders get on a proper path to profitable trading. There's a lot of crap out there and many traders fall into the trap. I'm here to help you and anyone who truly wants to learn how to trade like a professional get there quicker and with less pain.

Trading for me is a way of life it is my business it is what I do. It provides me with a lifestyle many wish they could have. I'm living proof that it is possible the question is? How hungry are you? How bad do you want this?

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Posted by [ozziedave](#)

You have identified two types of swings, mail and dominant. I'm a little confused about the definition of a dominant swing. Is it each swings within the main swing, like the red lines or is it the one down swing, purple swing, within the main swing.

Hey Dave,

In your chart the swing you identified as the main swing is not a valid main swing because there is a higher high. To make the process easier find a swing that has no HH and no LL that is the main swing and any retracement of

that swing is the dominant swing. Let me know if you need another chart example. My participation today will be very limited, its my wifes birthday but she will be asleep for afew more hours so I'm here. LOL.

Posted by [iqyu5an](#)

there is always bull and bear

Please be more discriptive I'm not sure if this is a question or a statement but yes.

The shark is a pattern I do not trade. The patterns I trade have the highest probability and I have optimized their rules based on extensive testing.

I mentioned that you will see patterns within patterns this happens specially between timeframes. We will cover this in greater detail later on but the higher timeframe trumps the lower one. This is something that has already been taken into account in the trade management of these patterns but we will cover that as well when we get there.

Posted by [Bren0001](#)

Good Morning Mr. Pip,

In post 168 you stated that "We had a 138 Fib extension lining up with structure." What exactly do you mean by structure? Is structure a reversal in the direction of price? Could you show a couple of examples of structure on 1 chart? Thank-you sir, I appreciate your help.

Bren

Structure is an area of support/resistance. These areas tend to act as future support/resistance again and again. To have structure in confluence with a ratio as confluence is very powerful. let me know if you need a better cleaner example so I can find one. Thank you for your question.



Posted by [Blackeagle](#)

I have read all the posts with great interest and have a couple of questions for you regarding the above post of yours. The price closed within the dark pink cube at the end of the hour and there is still possibility that the pattern may be either Gartley or Crab. Now a new bar is forming and at what point of the new bar you discard Gartley possibility while watching the price in real time? How frequent a crab pattern is invalidated (that means you have been stopped out if a trade is executed according to the crab pattern) and turns into a possible...

I believe you meant to say discard the crab. This depends on whatever rules you decide to use in your trade plan. For me once the 61.8 Fib is violated in any way discards the crab even in real time.

The crab is my least favorite and most difficult to trade. We will get to that when we get to the patterns. It is almost an unreasonable expectation for price to complete a crab. It happens but somewhat rare.

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Posted by **Blackeagle**

You are wrong because what I'm asking is about before point C has been identified, I mean you are at the close of the bar before the C and you don't see the bar labeled as C (not formed yet) and you don't know yet if price will close above 61.8%. Thanks for the reply anyway.

Regards,
Blackeagle
Hey Blackeagle,

Thank you for your post, price does not have to close above the 61.8% but it does have to reach touch it for a Gartley to be a valid formation. Let me know if you want a chart example of if you got it. Good to see you in my thread.

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Your patterns and ratios are not correct. Any ABCD would terminate higher look at my chart there is structure but not much more.



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Hello Iqyu,

I asked earlier to please be more detailed in your questions. I do not want to misunderstand what you want me to clarify and give you the wrong answer. Help me help you.

As for this situation, I was not ready to discuss this yet but since so many traders are so anxious to get into these patterns I think addressing this now has merit. We will cover this again when we get into the patterns so do not worry if you do not understand.

We have to qualify the patterns we trade. Not all patterns are tradable. This is why it's so important that we get to know them. I also mentioned that it's easy to force patterns where there is none and this gets

you into poor trades. Harmonics can be easy but you have to understand some fundamentals first.

This is what I'm trying to do here and there is a process.

I'm not sure what you are looking at? A clear rejection for what? What pattern do you feel you are identifying? Where are your landmarks (XABCD)?

There is no main swing for an anchor leg and anything here other than an ABCD would be in the wrong place. Price may find some support in your designated red box but not because of a pattern or harmonics. It would be due to ratios and light structure confluence and even this is a poor trading opportunity.

We have to build that case and there isn't enough evidence that would justify taking a long position here. We have to align ourselves harmonically with order flow and price action

From a harmonic point of view and order flow showing strength to the bears, there is a higher probability the price will continue to the down side. You also have you ask yourself what I am trading into. What obstacles will price have to overcome on my way to my designated profit target? You missed a whole area of significant support/resistance. Look at my chart, even at a completion of the ABCD or even the very sloppy three drives there is not much there in terms of confluence. This is why we must qualify what we are seeing.

That zone may hold as any zone can but it's a trade I would not look to take.

I hope you understand the points I made.



Okay finally the PRZ. LOL

Now that we have identified where the potential PRZ is, what do we do when and if price gets there? What are we looking for that would give us the signal to engage? Well the simple truth is that it really is up to you and what you are comfortable with. What reversal signal do you feel comfortable with 1,2,3 patterns,

engulfing, pins, hammers, price rejections? All these refine and what works for one may not work for others but I will tell you how I handle this magical zone.

Before I do this let's talk about pricing. As traders I hope you would always be looking to buy or sell at the best possible price. This best price is as close to a top or a bottom as possible. I use the term buying or selling at wholesale. The majority of traders out there are retail traders this group of traders are the breakout traders and indicator traders. Their signals get them into a trade later and at a less favorable price. This is the type of trading you want to get away from. My method always gets you in at wholesale prices and will offer you the best risk reward possible. Enough said, if I need to explain this point further let me know.

Taking the trade at the pattern completion point blindly on a limit order is still a high probability trade. We are talking these patterns depending on the one and identified properly offer a 70 – 80% success rate tested and true but I like to have a stronger case for entry if possible. So I employ other elements and apply them to my PRZ to zero in on that elusive top or bottom. I have discussed these already and don't feel the need to explain them again unless needed. This combination of element or confluence usually gets me in within 20 pips of a top or bottom and most of the time it's even better as you have seen.

Next post I will drill down further.

-

Traders that understand price action have the best advantage in the PRZ. The PRZ is an area of extreme exhaustion and price should behave as such in this zone. Price can and often show acceleration going towards a predetermined PRZ but should not continue with strength into the PRZ. Price should show evidence of slowing down as it gets closer to the PRZ much like you would at an area of S/R.

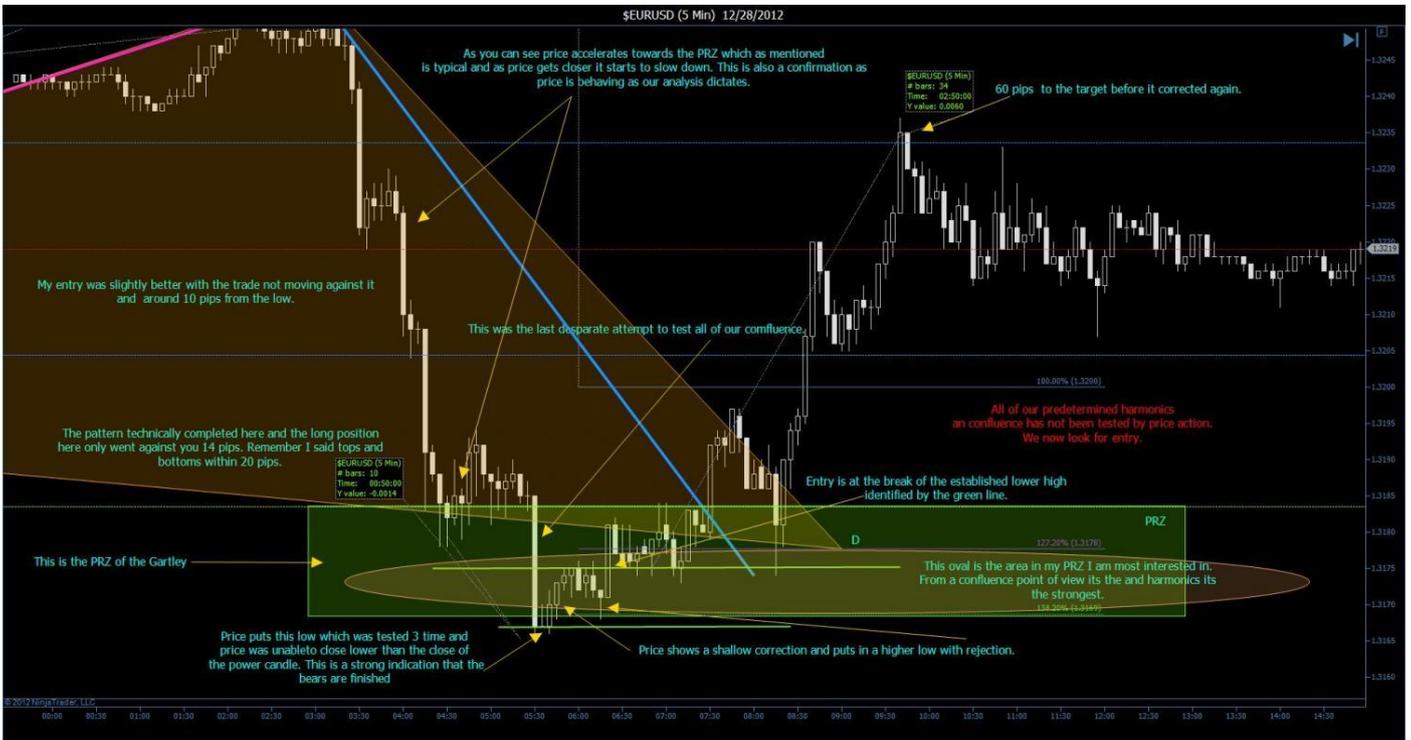
If your comfort level is with the higher timeframes then you would want to drop down to a lower timeframe to get a more detailed view of price behavior in the PRZ.

I will tell you price action hates the PRZ and does not hang out for long so decisions often have to be made quickly. Do not over analyze your PRZ find the reversal pattern you feel most comfortable with and take action. Once price moves away it's too late and late entries are not a great idea because it exposes you to more risk. In the next post I will show you the PRZ of the Gartley we were looking at on Friday. I'm sure there will be questions on this so based on those questions I will see how best to proceed.

-

The PRZ of the Gartley we were looking at on a 5 min timeframe to zero in on price and get the best wholesale entry possible. This is my approach to the PRZ and most of these scenarios are typically the same learn to read price and it will tell you what it wants to do. Let me know what needs clarification.

After we get through this we will get into the patterns.



-Posted by [srinivas666](#)

Sir
 I watched your videos about Ratios & Harmonics: a Different way to trade.
 First of all I thank you for great concept. But I am poor to understand a graphically represented video.
 I ask you only 2 questions-please answer
 1. whenever a price takes a trend from flat situation either for up-trend or low-trend how to assess how long it shall go-explain
 2. In the above situation when price reversal we can expect

Well to be completely honest with you this is one of the most challenging things to master. The topic is also outside of what we are discussing here but the answer to your question is also harmonics. Use the swings and ratios to guide you towards that reversal. Harmonics expectations with ratios and structure confluence are your best bet much like we do to identify the PRZ at the end of a pattern. Look at the chart below.



Posted by [Bary](#)

GM Mr Pip and thx for taking part of your sunday to continue our education.

I can see if watching PA live that most traders would have taken the trade when price first entered top of the PRZ and stalled. Is there any good reason not to have taken it there?

GM Bary,

Great question, taking the trade anywhere in the PRZ offers a great wholesale priced entry as you can see in the chart I provided taking the trade when the pattern completed was good enough. The reason for me to take a different approach is that I always try to find the best possible price. As you become more familiar with the PRZ and skills sharpen you will start to see where in your PRZ price is likely to test and the best area to zero in further in the PRZ that was the oval I drew. Also my price action experience told me that perhaps price was not done moving lower and the other areas of confluence were probably going to be tested. This was evident by the slowing down of price into the PRZ at the pattern completion but also not strong commitment to buy at that level just yet and the ABCD of the Gartley pattern had not yet completed. In my process of building the case price was hinting what it could still push a bit lower.

This type of fine tuning will come with time. Antwhere in the PRZ offers a great entry we were within the low by 14 pips how's that for accuracy and the stop is never within the PRZ but we will get to that. Does this make sense?

My entry was only 4 pips better no big deal in this case.

Posted by [sho](#)

Sounds good! 😊

Guys, let's take a look at the Aussie-dollar 1-hour timeframe for the sake of practicing what Mr. Pip has taught us so far.

Is the attached assumption on the current main swing/dominant swing correct?

Really appreciate everyone's comments and analysis...

I can't see the top of the main swing but it looks good. Now you need to see at least a 38% correction of the main swing

Hello Alex,

I have not given the rules yet and hope you bring yourself back to harmonics, Your assesment is correct. Price will have some obstacles and a long journey ahead.



Posted by [cmensah](#)

Hi Mr Pip

I am quite new to trading and I am intrigued by this thread.

Several years ago I attempted end of day trading using fibs, taking trades at either of these 4 levels 61.8, 78.6, 127, 161.8.

I would use the distance of the swing from point A to B to determine price projection and potential reversals complimenting any of those 4 levels above.

I would make sure trade has at least 1:3 risk reward ratio.

I stopped trading due to personal reasons and I would like to start trading again this time on a full time basis.

What time frame...

I trade everyday on the 5 min and lately 244 ticks. I like the intraday pace. I trade between 7 and noon EST. I use to trade the H1 but it was to slow for my personality.

Posted by [jasonckb](#)

H1 EURUSD seems forming a bearish butterfly. Previous bar is a pin bar and supported by previous demand region. A test to place a buy stop on few pips above previous bar high and target for the point D. A dangerous test as I speculate it is a butterfly rather than it is formed already.

Jason,

I don't mean to pick on you and take this as a learning experience. This is an example of a pattern being forced into price action. We have been looking at this chart and traders have posted different views one in particular post 257 and 258 please review carefully. Now with the benefit of hindsight we can see how accurate my assesment was. I will post the pre from post 258 and the current chart.





Hello Bud,

As you could see price did find the support we discussed and immediately rejected the resistance area I pointed out. Any longs here are very high risk you are going against order flow. Good luck.

Posted by [goldbird22](#)

Thanks for this thread Mr Pip.

Seems to me that EG has completed the AB=CD on the daily

Question: has target been reached? or can we expect another leg?

Is this draw correct?

Thanks for your help.

Good job identifying the pattern, entry now would be too late. At the present time Stop would be a BE and target 1 is at 156 PIPs would have been a nice trade.



Posted by [jasonckb](#)

AUDUSD daily chart.....

Potential Butterfly. The 50% at point C must hold.



Posted by [jasonckb](#)

Yes, it close below 78 in your chart, but in my chart (FxPro), it didn't. So IMHO, HA pattern is not an exact maths, it is the shape matter rather than all figures exactly match the ratio. And different broker platforms will have different readings in most occasions (small variations), so if too rigid on the figures, it will make the Harmonic Analysis difficult. 🤔😅

Jason,

The figures are not rigid but the rules are. We also have to remember that price will vary slightly between broker and price will not always come to an area to the pip. In your analysis you will have to determine what is acceptable for you. I will give you some examples.

On a 1H Chart

If price comes to within 5 pips to a fib target then I will accept as valid.

On a 15M Chart

If price comes to within 3 pips of a fib target I will accept as valid

You must be careful or you will start to lose the integrity of the patterns. 5 pips on a 1 H chart is not that big a deal but the same 5 pips on a 5 M chart is.

Posted by [Davit](#)

Mr.PiP

My suspension has been lifted and I can post again.Thanks for your support.

I have a general question to ask.As harmonic trader how much time you spend going over fundamental staff like news.For example GU shot up unprecedented over 100pips on Fri and violated previous patterns. Do you 1st check the news then pattern and mechanics? or you like many tech traders totally ignore fundamentals. Thank you

I'm thrilled to hear that and posted a comment that hopefully won't get me in any trouble but it had to be said you are a good person and did not deserve what happened.

I'm glad you asked and I'm surprised no one has. I completely disregards news events for trade entry. I am only

aware of news from a trade management perspective.

I am a 100% technical trader and believe news is immediately reflected in price. A news event is nothing more than a period of volatility and therefore should only be considered to protect profit.

If a pattern gets blown out by news then the pattern is invalid and on the the next one.

-

Posted by [horuxito](#)

Excellent! I am one of those less experienced traders and want to thank you for the way you are managing this thread.

In the firsts posts it all seemed that it was only for experienced traders who knew all about abcd patterns, fib retracements and extensions. But then it all became clear. We first needed to identify the main and dominant swings, etc, etc, step by step.

One question about Scott Carney book. I know that it'd be best to anyone to read it, but some probably won't have the time to go through the 273 pages. Plus, you mentioned that...

Well, I think that you should read it at some point it will definitely add value and depth to the knowledge base you are seeking. There is information in there that would be difficult for me to cover here. Also I have made these patterns my own. I have refined them through tons of testing for higher accuracy the principles and foundation are the same.

When I decided this was the type of trading I wanted to do I completely immersed myself in anything that said harmonics and yes I went through a lot of crap but I also went through some really great material this book was one of these really great materials and if you really want to understand that you are trading them please find the time to read it at some point.

-

Well traders I have caught up with all the posts and look forward to sharing more with you all. I am surprised that I only had a couple of questions about the PRZ and entries. Do you feel good about price action in the PRZ or would like to see some more examples? Also how are we doing with drawing our fibs?

This is important folks so ask away. The first pattern we will be discussing tomorrow afternoon is the ABCD pattern. This is the most common and one of my favorites particularly on the lower timeframes. I'll hang out for a few more minutes before I turn in. I will pop in and out in the thread tomorrow. I like to trade the lower timeframes and since this is how I make a living I have to attend to that first. Once I hit my goal. I'll answer questions and we will discuss the ABCD.

-

Posted by [jasonckb](#)

Hi Mr. Pip,

Thanks for your precious education and comments on my previous posts. I have some points need your clarifications

- 1) For higher timeframe say H3, Daily, Weekly what will be your tolerance pips as I am trading at higher TF*
- 2) When seeing the extremes (i.e. XABCD), do we calculate the pattern by using Hi/Lo or using bar close?*

Thanks in advance.

Anytime, they are always calculated on the high and low. The tails are even more important than the close from a price action perspective.

That is a good question, I'm not sure since I have not tested but an educated guess would say max 10 pips on the daily and weekly and 5 pips on the H3.

If this is your chosen timeframe take the time to do some testing to validate. Remember we trade what we see not what we think.

Also, if it cannot be measured, variable and reproducible then it cannot be tested and it has no place in our trade plan.

-

[quote=Ed777;6332243]Hi Mr. Pip

Do you always enter in PRZ with your full position....or would you ever enter partial position at around 127 level and rest of position if it pulled back to 138 ?

You mentioned you use 244 tick. Have you ever tried harmonics with range bars and if so...what is your feeling on trading 3-5 size range bars and how the PRZ reacts with tick and range bars compared with minute charts?

Thanks again for your commitment in helping us all learn 😊

Ed[/quote]

Yes I do, I analyze the PRZ to determine where would be the best entry and shoot for that. I think that scaling in would not be a bad idea however if the PRZ is determined with the proper swings this would not be needed, we are talking about a small zone.

Harmonics work well on range bars as well 4 and 8 are good for day trading. Price will behave in a similar fashion in the PRZ. Being a price action trader I like tick charts because it's a truer measure of price and also the swings are cleaner.

Welcome it's a pleasure.

[Posted by Korndawg](#)

Mr Pip, I do have a Q and no hurry to answer, but I was wondering just where you start your first X to A...there was a post #277 by Ezzy that involves the USDCAD where he starts his X way at the top and then you posted a chart in post #349 where you started your XA at the bottom.....Im thinking, which is dangerous, that maybe you just go back to see the most significant high or low and start from there....I imagine it may also has to do with what time frame you are viewingI just want to get this right and want to get on this boat before...

Price action is king of the land. I mention a while back that we have to qualify our patterns. I also mentioned that it is not uncommon to see patterns within patterns and there are two potential bat patterns here. Price action and order flow favors the smaller of the two. Both patterns would have a correction point in close proximity which is nice.

I don't just go back to the most recent high or low but it is there that you will be looking for your patterns and harmonics. I also said that in the process of identifying the main and dominant swing to look back and make sure you did not miss anything. Once you are in tune with price action the swing identification process becomes really easy. There is nothing dangerous or reckless to my approach but your analysis must begin somewhere and that somewhere should be close to current price as that is what we trade.



Posted by [Ezzy](#)

Hey Korn, I also feel that I need to get this right, I thought that the main swing would be a HH or LL. I might re-read some of Mr Pip's earlier posts, but like with everything, practice makes perfect so for the time being, I'll be posting charts etc as a way of practicing, and requesting feedback, in order to learn things properly.

Yes you are correct but we want this as close to price action as possible. You were not incorrect in your analysis but your pattern was part of a bigger picture and the pattern is still in play but there is a smaller more relevant pattern that will complete first. Does this make sense?

Posted by [igadefelth](#)

About books I know you recomend volume 1 but do you also recomend volume 2 and how about larry pesaventos book ?

Best regards

Volume 2 I also have and read. He goes into a couple of other patterns and introduces the BAMB method with RSI. The core system is good enough and if the wheel is not broken then don't fix it. I have not heard of the other book you mentioned I will look into it thanks.

Posted by [Davit](#)

Mr Pip

Please excuse me as my chart may be erroneous. I am still learning. I took consideration your comment about drawing fibs from key swing.

My chart on AU is on daily.

All the numbers fit into Gartley pattern $XAB=CD$ BC is .618 exact retrace and my D is 1.618

As you can tell I am very excited about learning harmonics and looking forward to your teachings.

Hey Davit your pattern and ratios are off look at my chart. We will get into the ABCD pattern later.



Posted by [FusionF](#)

As far I as understand PRZ is always at the D point not C.

PRZ (Price Reversal Zone) is an area where price has a high probability of reversing. This can occur anywhere there is confluence of structure and ratios. There is a higher degree of probability in the PRZ at point D of the patterns but there are also some more aggressive entries which we will discuss as we get into the patterns

Posted by [Bary](#)

Shark? 5.0 pattern? None of these have been covered in this thread yet.

Waiting...? no explanations.

Sorry but this has to be confusing to the newbees.

I only trade the ABCD, Gartley, Bat, Crab, Butterfly, Cypher patterns. I'm not saying the other patterns are less valuable. But in my hands these are my bread and butter. No need to complicate your tool box with a bunch of patterns these I trade are the most common to see and profitable.

Posted by [Ezzy](#)

Hey Bary, are all patterns that Mr pip will be teaching us have to retrace to 61.8 at B in order to be valid?

Thanks

No they all do not we will get to them if you want to know now then review the earlier post where I show you the process.



Posted by [kin89](#)

first i want to thank you for this great thread
 and you to share some trade here
 cad/jpy on the weekly
 what you think ?

The pattern has failed and it is a very sloppy looking pattern. I see on your charts the 78.6 of C held on mine it did not. but you still have to qualify and trade what we see. I see the 127 ext of AB getting hit and my PRZ is higher because of the confluence of AB, BC extensions and structure.



-
This is why I like smaller timeframes. I recap of my trades today.

This is not an invitation to a bunch of off topic questions but I just want you to see the type of trading you can do on what most traders consider a noisy timeframe in 3 1/2 hours. No indicators just simple ratios and harmonics. There was only one pattern traded and ABCD at the beginning of my day. The rest were areas of confluence and harmonics.

Again this is just to show you the potential once to can apply what I'm presenting here. No questions about entries and whys.



-
In the absence of patterns we can use harmonics and ratios to determine market tops and bottoms. This is how I approached the market on the smaller timeframe and wanted you to see how the same principles helped identify today's top in the next post we will drill down into this PRZ and look for entries since there were some questions about the price action in the PRZ.



-
 Dropping down to a smaller timeframe (5M) helps you zero in on the best area within your PRZ to take an entry. Please post questions. I will introduce the ABCD this afternoon after lunch but want to make sure we are good on the PRZ.



-
 Some more harmonics in the EU consolidation zone.

Posted by **Rexz**

In this image I can see using the swing we can get the first movement down and use this to plot the movement, but I'm wonder how you got the 3rd line for the move up? was it literally an extension of the swing to the 161.8?

If you could elaborate on this image more I would be most grateful 😊

No fancy ratios involved just to a fib from of the mian swing and noticed some harmonic tendencies and confluences. Took a long position off of the information so far I'm up 12 pips stop is at breakeven so risk has been removed if this holds found this bottom within 10 pips. I am being very agressive with my stop because I'm trading into resistance but the overall the risk is worth the reward.



Posted by **Borgvall**

Hello Mr. Pip

First of all, thank you so much for sharing your knowledge

Much appreciated.

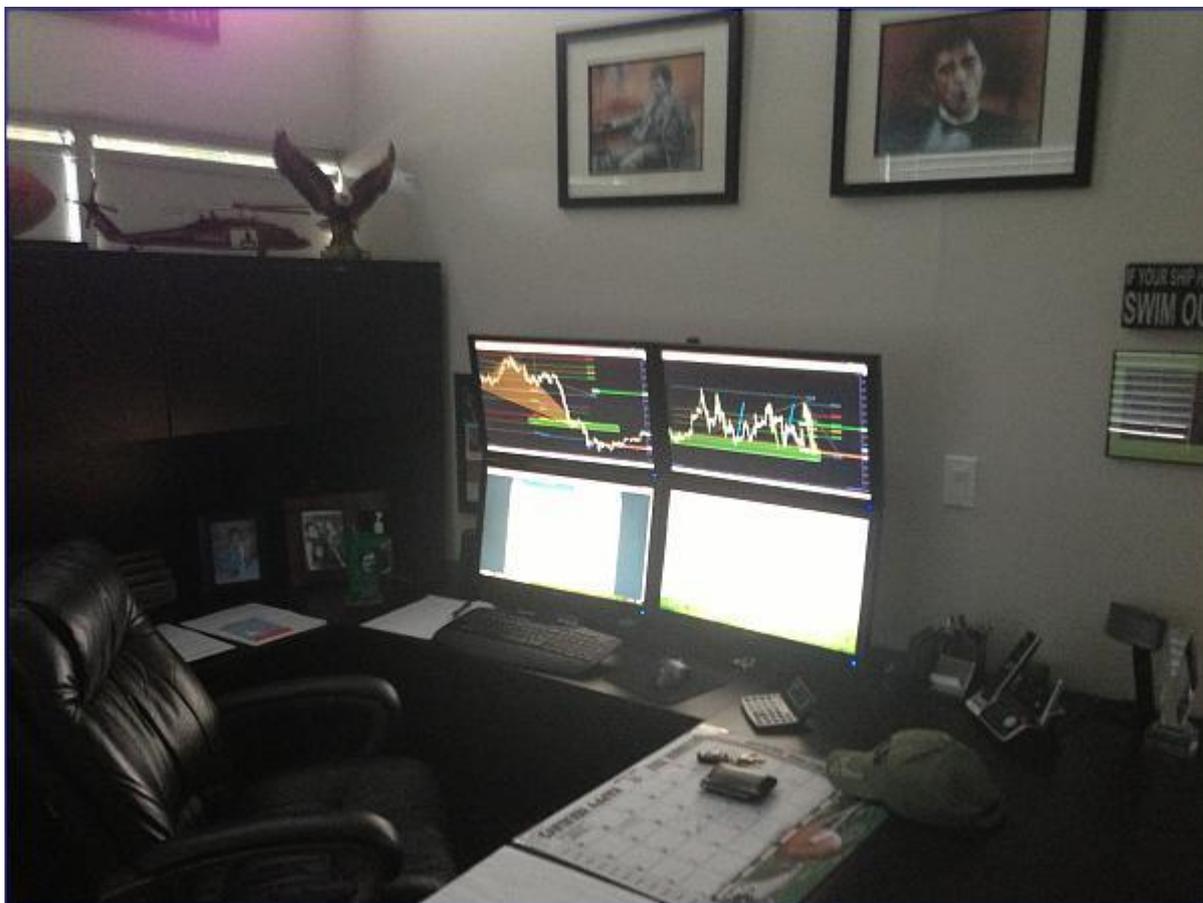
I just had dinner with my wife. and walked with the dogs on their required evening stroll. after a long day at my office in front of the computer.

at my office I have three computer monitors running on my office desk, the left monitor, I follow your topic, on the center monitor I have my work runing.

The screen to the rightI have mt4 open with Eur / Usd.

Now I sit in the sofa with a laptop on my lap and experimenting with harmonic patterns I'm all over...

Well it's good to have you here and I hope improve your trading soon. That is funny this is my set up in my office. My setup at home is almost the same but my wife and little one keeps me from sitting there to trade so I use it to teach LOL.



-

Here is an update on the trade I took prior to lunch up 17 pips risk free.



-

Well the moment we have been waiting for, patterns. Today I will introduce you to the ABCD pattern. This is the pattern that occurs the most and is in one way or another associated with the second half of the

other patterns we trade.

I want to also make a statement in general about patterns. You have to get to know these patterns to the point that your eyes can spot them automatically. Don't worry, you don't have to go bonkers training your eyes to spot them. With time this will come on its own. You also have to make the patterns your own. The generic forms of these patterns are a guide and their correction ranges are too lenient. So I have taken them and made them my own by maximizing their efficiency through extensive manual back testing to find the best possible combination of ratios that offered the tightest possible PRZ. These rules I'm about to share with you are my own. If they work for you great if they don't then feel free to make them your own.

What are the pros and cons to how I have made them my own?

First the cons:

By optimizing the ratios you will have less valid patterns to trade. This means fewer trades and a painful trading session LOL.

The pros:

Better organized patterns with higher probability of success. These rules offer much better risk/reward as it identifies very tight PRZ. You also know immediately when a pattern is no longer valid and you know exactly what you are trading and at what point your analysis is incorrect.

Attached are the rules of engagement to the ABCD Pattern. In the next posts I will present some of these so you can see some chart examples. We will also cover aggressive entries after we become more familiar with the basic pattern. This is directly from my trade plan.

Here is an example of a recent ABCD



Some of the opportunities on the 233 tick chart from today. Once you train your eyes to spot these they just jump right out at you.



Posted by [ozziedave](#)

It would be great if you could show a few more examples. Thanks!

Here are some more examples. Let me know if you need more.



Posted by [Ed777](#)

Hi Mr Pip

My 233 tick on Ninjatrade with MBTrading seems very slow compared to your chart. My 89 tick chart seems much

closer to the 233 chart you posted. Not sure why 😊

Any thoughts on why? Thanks, Ed

Maybe it's the feed goes through MB Trading and they use their pricing or transactions. Tick charts will vary between brokers as it counts transaction but highs and lows should be the same.

Posted by **Bary**

Thanks for your time to do a video. It should help us all!

I do have 2 questions: When C is surpassed doesn't that change C? When price exceeds A isn't pattern invalid?

Hey Barry,

Once price closed above point C the pattern was invalid and you are no longer trading the pattern but if you took the aggressive sell at C you got stuck riding it out. We used harmonics to guide us and and take profit. We had a good understanding how high price could go and how low price could go as well. Harmonics led the way.

Posted by **Mic FX**

In Advance Pattern Reference Guide.

If I see correctly, no one pattern do not have retracement for point B in range 50-62%! Is this ok?

In your post #163 (on pic), you have Gartley and Crab in that range.

I am little confused 😊

Please Mr. Pip can you clarify this. I am very interested to learn this precisely.

Thank you very much.

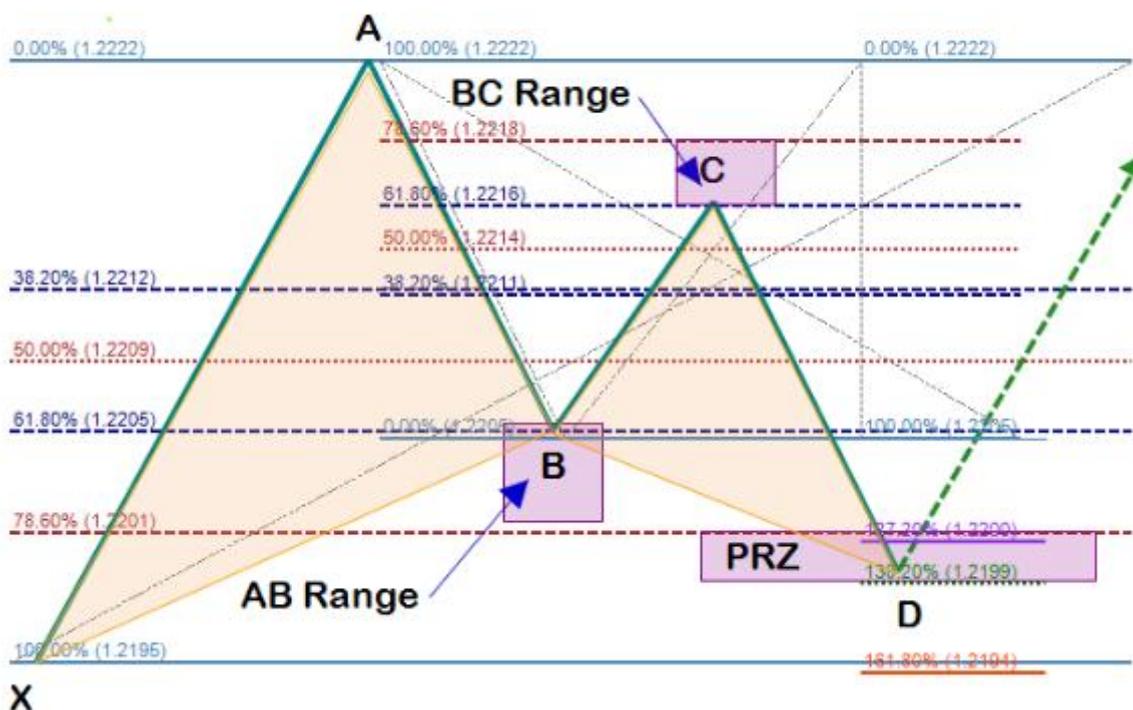
Yes there is look at it carefully. There is something g you are not looking at right.

Please help me!!! 😊
How I must look at this?

I see AB range 61% - 78% (XA), BC range 61.8% - 78.6% (AB)

Is pink rectangle range for retracement?

Bullish Gartley



That is correct. But please do not trade them yet this is a visual reference tool for traders that already know these patterns we will cover them all be patient and let's focus on the ABCD. Looks like they are new to you.

Posted by [gbryant20](#)

Thank you for the detailed analysis. This type of explanation helps me more than anything. I look forward to seeing it in this manner for the other patterns as well.

Every setup you trade should be written out the same way and a part of your trade plan. If you do not have a trade plan you need to put one together. Your trade plan is to you what a business plan is to a company. It is a road map that will take you where you want to go.

Okay this is fine but remember I said to take a look further back to see if we missed something we maybe more into this pattern than you think.



Posted by [jgadefelth](#)

Please don't be upset on my questions. Bary have already defend you and also tell me that you have showed some examples in real time (not in hindsight) I must have missed that. Am just tired of liars and people that show things in hindsight and are not the profitable traders they pretend to be. Maybe you are the real deal I like what I see so far in your thread. I am not here to pick on you i just try to figure out if i should commit time and efforts to this. And i have decided i shall try to learn this. You and your trading method...

Listen friend, I don't get upset, I just don't understand exactly what you are asking of me? If you want an example of one of the trades Bary spoke about look at post 11, 43, 51. Let me educate you on the fact that this method has to be learned from the left side of the chart. There is no other way. Also, since there are no indicators there is nothing that can provide false, manipulated, or bad data. I can't sit here and convince you that what I have here contains real value. Your experience should be able to give you the answers you seek without me having to prove myself to you.

You are correct there are all kinds of people in this business but on the road less traveled there are no shortcuts. It takes a lot more than people are willing to give to make it in this business and I'm sorry to say this and believe me it's for your benefit that your posture will not take you far in this or any other journey you choose to embark on.

This is how I make my living and I take it dead serious. I am putting the keys to an incredible vehicle in your hands that will take you as far as you are willing to go expecting nothing in return and you are telling me that you need some kind of proof or you will not put in the effort.



I really like the way you are processing what you are looking at but your ratios need help. Look at my chart if that 78.6% holds we are looking at an ABCD which also completes a Gartley XABCD. If it fails we are looking at an ABCD to the high side and at that point we disregard X because the Gartley becomes invalid.



Posted by [NuNix](#)

Is this bearish butterfly on EU M5?

Close but they did not meet the ratios. It was a failed Gartley caught up in larger timeframe price action. Harmonics pointed this out earlier. We have to learn to follow market flow. Price action will lead the way. Listen to price. It's an AB=CD. The oval is the area you want to target.



Posted by [well0143](#)

Out of curiosity Mr Pip if you had only two hours a day what time frame would you trade, I'm a uni student and Im on holidays at the moment so i have plenty of time on my hands i spend most of the day watching the 1 hour and looking for entries on the 5 min

I would look to trade a timeframe that provides me with the most signals per the system I like to trade. You could also test within the two hours you are available to trade how many signals you get on the H1 and how many you miss. Out of the ones that do occur during your two hour window what are the results or quality of signals.

This is the first step in any strategy development. You must first identify your hours of operation and then start identifying visual occurrences that have a tendency to repeat themselves. then identify on what timeframe this occurs most. Next you need to find a way to capture those occurrences.

Posted by [Ezzy](#)

Hi, I have a chart here where I am looking at a couple of options, $ab=cd$, and gartley (I think), comments and thoughts are appreciated. NZL/USD.

Look forward to the next video from Mr Pip to clear up a few things.

This is what I have and the possibilities, BC are the critical high and low that will determine what happens.



Posted by [Mic FX](#)

Nice ABCD pattern.

Good for short at C, but bad for long at D!

Probably this is not good setup because HH before pattern.

Price behaved exactly as it should had. As you see in your posted chart price had an immediate reaction to the PRZ. Look at the strength going into the PRZ and then look at what happens price stalls and starts to consolidate and move sideways. This is the exhaustion of an oversold market. Price keep moving sideways because the bulls do not take advantage of the bears. So whats happens next? The bears build up strength and continue to push price down. I've mentioned in earlier posts that Price does notlike the PRZ and if price hangs out there for an extended period of time is is a strong indication of a PRZ failure.

Posted by [bond2a](#)

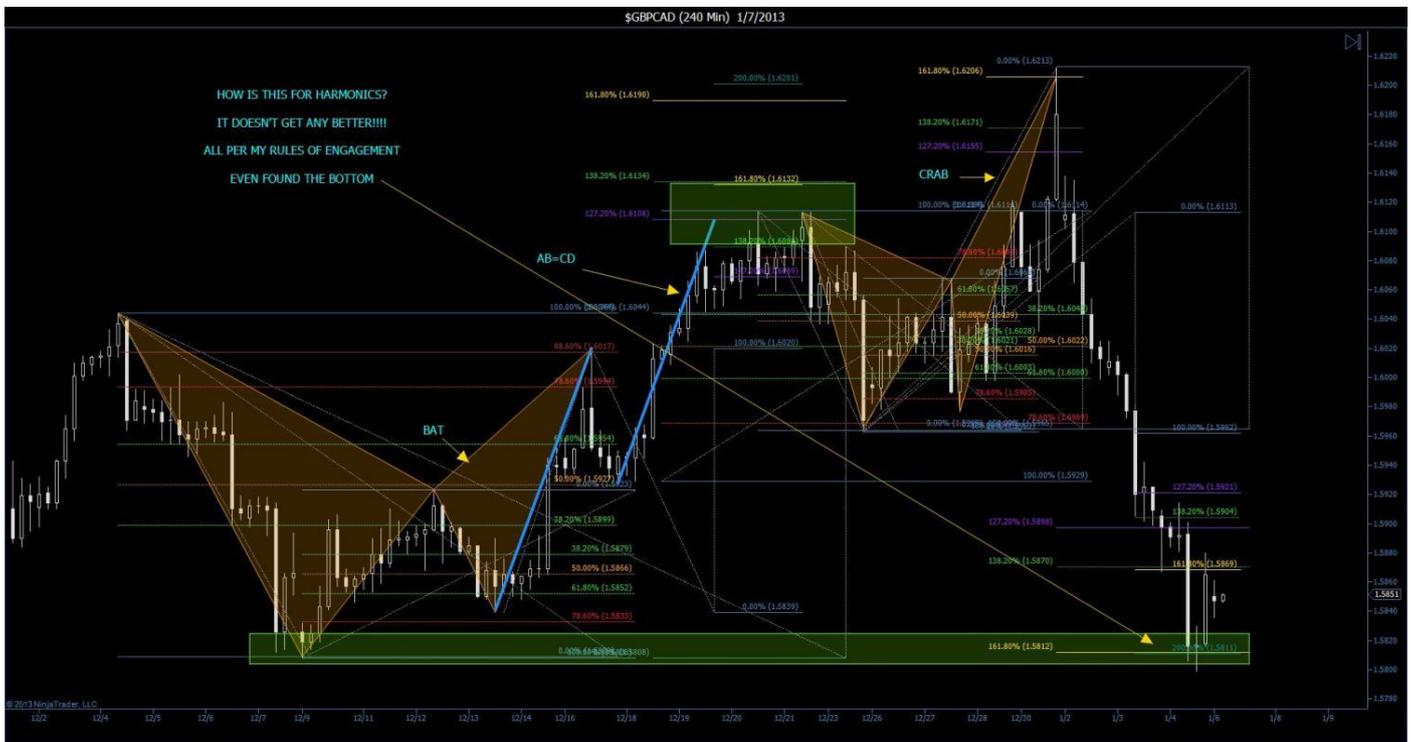
Hey Guys ,

What is your opinion about this setup ??

TP : 1.6050

SL : 1.5795

I'm sorry and no disrespect but I don't know what I'm looking at? You have a lot of things identified and a pattern I do not know or trade. The chart I am providing you shows you per my rules and harmonics valid patterns and amazing trading opportunities. I'm affraid price has already left the PRZ and taking a trade here does not fit my trading profile.



Posted by [liemo](#)

Hi Mr Pip, I have spent the last 4hrs reading through your thread- Great work !!!!...I like the way that you have presented your method on this thread and vidz they are very easy to understand and follow. Looking to learn more from you. I am now a subscriber. 🙌

I have a question from post # 616 you have drawn in the harmonic as per the blue lines, shouldn't the lines be drawn as per the orange lines which is from swing low to swing high?

When you trade the ABCD pattern, do you have a rule on the minimum number of pips leg AB, BC or... Great questions and thank you for subscribing I hope what I put out here benefits you greatly.

You asked:

I have a question from post # 616 you have drawn in the harmonic as per the blue lines, shouldn't the lines be drawn as per the orange lines which is from swing low to swing high?

The blue line is the first swing high that corrected to the 38% identifying it as the main swing and the one I used to project some harmonic expectations of an AB=CD. The following swings was part of a consolidation process further confirming a very bullish sentiment as they all found support at the same 38%

When you trade the ABCD pattern, do you have a rule on the minimum number of pips leg AB, BC or CD should be?

Yes I do and the rules I posted reflect this. There is only a requirement on the AB leg as this is the foundation of the pattern. The rules I posted are for the 1H timeframe and if you are looking to trading this pattern on a smaller timeframe you would have to make the proper correction to this rule. Ask yourself the following: If I am trading the 5M timeframe what is the average value of the swings. This value will change depending on the timeframe you are trading on. If the average value per swing is 15 pips then AB has to be at least 15 pip before I will consider an ABCD. This will maintain proper R/W everytime.

Do you have a minimum R:R per trade?

Yes I do, if a trade does not offer at least a 1:1 I will not take the trade.

The reason for the question is because towards the middle of the chart there is an ABCD which did not quiet complete, but if it did, correct me if i'm wrong the trade plan would be as follows:

SL : 1.2976
Entry : 1.2995

Risk : 19 pips
Target 1 : 1.3007 (12 pips)
Target 2 : 1.3015 (20 pips)

In the trade management rules target 1 is not an area to take profit although you can chose to move stop to breakeven and close half of your position if you want to. You can make these rules your own but taking profit of any kind at the 38 will hardly ever provide an acceptable R/W ratio and is mainly a means to protect your capital and remove risk.

I hope I was able to answer your questions. Let me know if I failed you answer your question. I want to make sure everyone understands clearly.

Posted by [Starry](#)

Thanks! By the 161.8 line, i meant the placement of the stop. The 161.8 extension of AB was at 1.30164. 10 pips below this would be 1.30064.

The take profit is at the 61.8% of AD. This is at 1.3027. The entry is at the 127.2 extension of AB, which is 1.30195.

Entry Price: 1.30195
SL: 1.30064
TP: 1.3027.

So, we are risking 13 pips for a profit of 7.5 pips, for a rather bad RR ratio.

I failed to mention that the ROE I attached are set for the 1H timeframe you have to look at your chosen timeframe and look at what the tendencies are refer to my previous post which talks about this. The chart you asked about was a 1M chart surely 10 pips below the 161 is extreme. You may want to look at 2 pips below the 161 to start and see if this works well. Less than 1:1 do not take the trade.



Posted by [just trading](#)

Hi Mr Pip,

I've been following this thread with great interest from the start and would like to add my thanks to the growing list for the sharing of your knowledge and the patience you have for doing so.

I appreciate the rules based nature of what you are showing and how, properly applied, they can provide trade

setups with a higher probability of success. Like any method of trading I realise that this will take and effort to learn and with experience it may yield results, clearly for yourself it does. I have also been thinking about what iquy5uan...

WOW!!!! Great questions. I think I answered these best in the chart below if I did not let me know and I'll try again.



Posted by [Rexz](#)

I don't know if this has been asked but say we are watching price and we decide for an aggressive C Buy/Sell in what we think is just an ABCD pattern. Then the pattern turns out to be a Gartley. Is this possible? I guess we should be watching price on the aggressive sell/buy for areas of respect which would indicate another pattern? Let me know what you think Mr. Pip

Yes this could very well happen and does more often then you think but the aggressive C rules for trade management has you covered. I have taken this into account and that is why we move our stop to breakeven at the 38 of BC just for this reason.

Posted by [well0143](#)

COULD someone please help me here quickly I'm not sure what this pattern might be called "if it is one at all" but this is what I'm seeing could this be correct?

[Attachment 1110982](#)

AB=CD



Posted by [CockyAmoeba](#)

Greetings Mr Pip

I would just like to know what your thoughts are on this trade that was recommended on another forum? Is the XA leg (Main swing) valid according to you?
 XA is in the wrong place. I see a possible long



Posted by [well0143](#)

Excuse me MR Pip im a little bit behind trying to catch up as quickly as possible, with the PRZ do we always try to take in other areas of support or resistance e.g. if I'm trading a 15min chart would i look back as far a 1 week or

2. Is there a limit of how much spread you are willing to pay for a pair or as long as the RR ratio is good you dont care about the spread.

Thank you! 😊

No I don't care about correlation. This is a topic I never really understood. If you are looking to trade one pair and you have a setup that you follow then why look to a correlating pair? What's the point? If you tell me to trade both pairs then I would say that is even worse because if you are wrong on one you will be wrong on both and you have double exposure. If you tell me for confirmation then I would say trust you signal if you have done the proper testing and take that signal every time you confirm it on a chart.

Spread is only a factor on the lower timeframes stick to the majors on the lower timeframes.

Posted by [Davit](#)

Good morning Mr.PIP

I think you should be pleased that many of us are attempting to draw the patterns even though that these attempts could be wrong.I think just trying is showing interest and that is progress.

I am looking forward to your VIDEO

Sometime in the future perhaps you could break down your thought process step by step like how do you go around take a trade.You mentioned few times order flow.How you determine order flow? Thank you

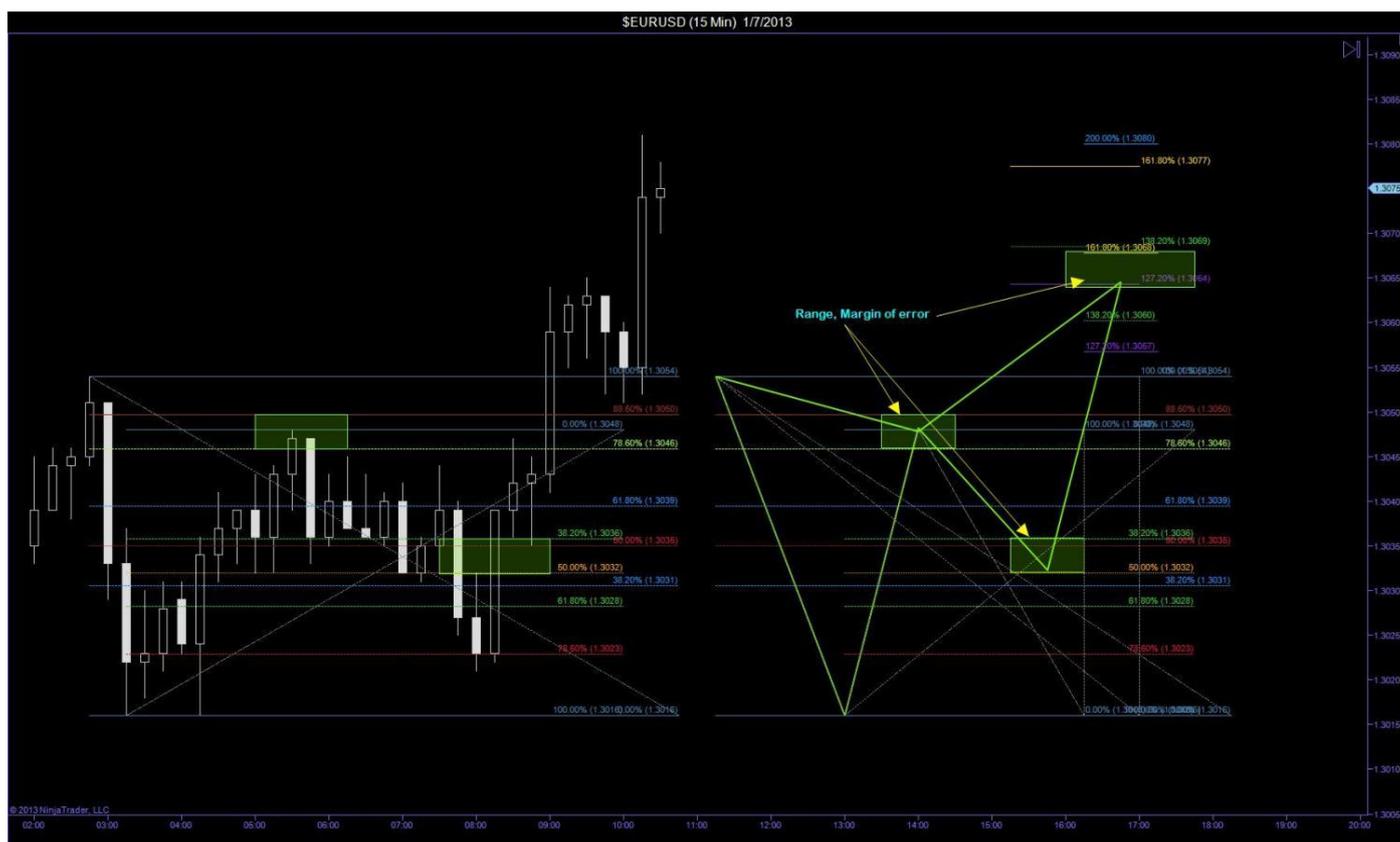
Hey Davit always a pleasure to see charts posted and yes I see progress and helps me identify what I may need to work on. This is why I respond to every question. Getting the pattern wrong is not the issue this will correct itself as time progresses and we see more examples.

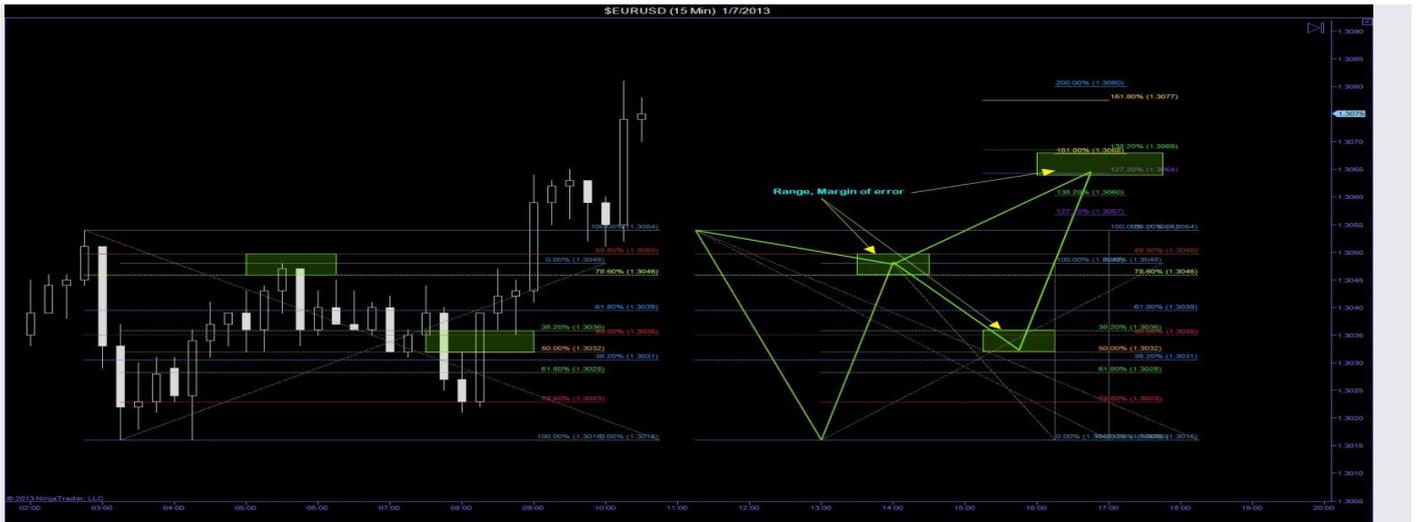
What is an issue is trading the patterns without the rules or notknowing the patterns yet. That is really my only concern. I do not want traders over exposed on material we have not covered and are not comfortable with yet. Yes I will be providing a step by step video very soon as a matter of fact. This will help correct some of the mistakes I've been seeing. Sometime this week.

Posted by [fiovit](#)

I'm sorry if I posted another chart, I have now seen the answer, but there should be a margin of error to identify points, too accurate we will never find the setup.

There is a margin of error look below.





(butterfly case) sorry dude... that ratio is kind of sl hunting... the broker will love us alot
 I don't completely disagree with your position on the ratio however from a harmonic perspective and price projections that where confluence takes place. This and the crab are the least profitable and most challenging to trade. If there is no heavy confluence I usually let it pass.

Gartley completed in short at 1.3110

Stop is 1.3130
 Target 1 BE point 1.3068
 Target 2 just 1.3045

Risk = 20 pips
 Rewards= 65 pips
 Currently up 10 pips



Posted by [CockyAmoeba](#)

Greetings Mr. Pip

I never thanked you for replying to my earlier query. I greatly appreciate your endeavour to distil your knowledge and pass it on!! Thank you for your time, patience and guidance! Very much appreciated.

I would like to ask that you look at the attached image of a Gartley. My brain has been moulded by people and to look at arbitrary positioning for the patterns and I am struggling a bit with the XA leg. If what I understand from how you define the main swing or XA leg the XA leg in my image is wrong? or is this a valid pattern?...

You are absolutely correct. I always say take a step back and make sure you did not miss something and in examining the trade from yesterday I did fail to do just that. This caused us to trade the wrong pattern but adds value to the statement "Always take a step back". The correct pattern was a Bat which was beautiful. Unfortunately I was not up to take advantage of this trade setup. This trade would be at BE with at least 60 green pips. Oh well this will happen and on to the next.

This is a critical point in a trader's career. How do you handle losses? 1 loss, 2 losses, 3 losses? This is where the demons come to destroy you and where traders become self-destructive. How do I handle losses? I don't care as long as I followed my rules. I have tested my rules and in the long run have proven to be profitable. You have to learn to accept losses, it's a part of the business. You will even string a few this is fine too. This is where a proper money management plan comes in and helps you absorb the drawdown to help you fight another day.

I will introduce two money management systems for you to look at. I use the smooth ration system. This is a critical tool to any trader and if you don't have a money management plan you are a few trades away from blowing up an account. Please, please, please develop one or use one of these.

You will find them insightful! take the time to read them the information is priceless!



Posted by [Ed777](#)

Hi Mr. Pip

How do you manage the situation if on a 5 minute chart, the pattern is invalid because of close beyond 78.6..... but on 15 minute chart.... the pattern is valid because it was only wick that went beyond 78.6 but candle actually

closed closed much lower?

Thanks 😊

Ed

The higher timeframe trumps the smaller one. The way to avoid this is by deciding what is your trading timeframe. Bouncing back and forth will make you go crazy. Once you have decided to let's say trade the 15M then you should only drop down to pin point entry. If you identified your swings properly you will be able to see larger patterns that might be forming. Price will guide you but your particular situation should not happen often or if the timeframes you were looking at were too close together. Post a charge and we will discuss.

Posted by [LuisPrinc](#)

Hey! What about your trade Mr. Pip on EurUsd that you made last night already taken out by -20 pips. Unfortunately I was in the same trade.

Sorry to here that. It's a loss no big deal. This happens incase you didn't know but don't worry we will have winners too. Lets look at this from this point of view and perhaps will make you not care so much about some losses.

If your typically risking say around 20 pips to make 40 just to keep the math simple and you have 3 losses in a row you are at -60. Now you win the next 2 and you are up +20.

So to recap we made 5 trades all together lost 3 won 2 and we made 20 pips. Don't dwell on them they will happen.

Posted by [Davit](#)

Mr PIP

Am I am looking for aggressive ABCD

aggressive meaning retrace was 38.2 which makes it most probably TP 1.618 at 3040

According what I have been reading by Larry P 38.2 retrace generally creates more aggressive extention

5min Euro

Beacreful price has put in a double bottom. Yes the expectation is greater supported by a shallow correction indicating strong bearish orderflow.



Posted by [Nate04](#)

Good morning Mr. Pip,

About the trade yesterday and where you place the XA this morning. I'm wondering how you determined that spot? I thought that you were said to look for a clear leg where there is no higher high or lower low. Where you placed the start of the leg, there is clearly more to the upside. My simple mind would say to look at the top for the X start point. What am I missing here? Thanks...

There is no doubt this type of price action make things a bit more challenging. There doesn't have to be an all time high and an all time low as you can keep looking back to find more. I have mentioned the most relevant to price. Ideally this swing would jump out at you and tell you here I am and sometimes it does that and sometime we have to identify it. We achieve this with confluence and pattern validation. Look at the chart and let me know if you understand or need further explanation. Good question.



Posted by [Davit](#)

what you mean is wait and confirm if price bounces right back or continues down. 🤖

I am not trading just trying to learn your style of trading and thinking process. I won today +25pips on UCAD so my daily TP is hit.

Kind of, this would be a very aggressive trade only because you would be trading into an already identified area of support confirmed by a double bottom this increases your risk and lowers the probability of the trade in question.

I'm not saying it's a bad trade but when I say becarefull this means manage it aggressively. If I would have taken this trade this is how I would have managed my stop.

Supported by orderflow and a strong bearish bias confirmed by the 38% Fib holding after a few attacks entry would be here. Initial stop is not favorable but acceptable above the 61.8. Stop management would have to be aggressive as price action has already establish a retested area of support.

This is how I view the chart. I trade and analyze what I see. What I think is irrelevant has no place in the decision making process. This means you act on undisputable facts, no subjectivity or gut feelings.

Now back to the trade, You are looking to capitalize from an AB=CD this offers the same profit probability whether the correction went to the 50, 61.8 or the 78.6 because the expectation is a harmonic reproduction of the already established AB swing. The video I posted in the first page of the thread explains this for the new folks reading this.

We are not trading the traditional ABCD pattern as price did not achieve a minimum 61.8.

I would draw a Fib from the low to the high of the corrective swing. Then I will use a conditional thought process as I usually do. These could be the rules used to trade such a set up but would have to be tested first of course.

If price reaches the 61.8 Fib of the the corrective swing then I will move stop to breakeven. This will protect you incase support holds and it's a market reversal this is considered target 1 which we achieve quickly in this case.

Now with risk removed we can enjoy a stress free trade as we have nothing to lose.

Initial RR = Risk 20 Reward 47 nice RR



Here is the video of the ABCD vs AB=CD.

Post questions and comments thanks.

http://www.youtube.com/watch?feature=player_embedded&v=GrCdDmkJMuY

Posted by **Rexz**

I get the rules for ABCD (61.8 retracement of AB for point C and extension to 161.8) but for AB=CD are there any other rules apart from only needing to be under 61.8 retracement of point C?

I don't have any rules on AB=CD and this could have many different combinations. I guess one could develop some sort of rules set for it. It may be easier to develop some basic rules from a strength of signal point of view. This is something we can revisit at a much later time as it would throw the thread off course.

If you would like to trade these do it if there is enough confluence.

Posted by **XNAdam**

Just wanted to hop in and express thanks to Mr. Pip for starting this thread. It has thus far been an incredible resource for learning ratio/harmonic trading.

I am working my way through The Harmonic Trader, as recommended by Mr. Pip. I can only second this recommendation. Good stuff.

I generally trade straight price/volume action at strong horizontal S/R levels. It really is amazing how frequently these levels match up with the harmonic levels.

I look forward to integrating harmonics into my style.

Thanks again. 😊

-A
Excellent welcome looking forward to your contribution. Harmonics and ratios are not only to identify high probability patterns. It is also an amazing way to find tops and bottoms.

-

Hello,

1) what the biggest TF that u ever used ?

I use to trade the 1H using the 5M to pin point entries. The highest timeframe ever used was the 4H .

2) if u could predict where the point D, do u make pending order ? or execute the order manually ?

I will set pending orders only if I'm not going to be at my PC. These orders have to have to show greater confluence than just a pattern completion. I have a scoring system which I will introduce with the next pattern we will discuss. I did not introduce this with the first pattern because that's where I wanted the focus. I seldom use pending orders anymore because I trade the lower timeframes and only take signals during my hours of operation.

3) once u're in prz ... did u ever see the PA tend to re test prev R/S before going to your target ?

Price action is the most important aspect of the PRZ. Mainly rejection and harmonics of the lower timeframe. The smaller swings will provide confluence as well. Confluence of ratios and structure is in my opinion the most powerful and empowering ways to trade.

-

Posted by [HelloOz](#)

that line is a huge resistance level on M15 chart.

and your SL is very tight, i would lower it to 47 if i were you.

Good thinking but lets manage the trade. The ABCD has a high probability. We already know price should finds obstacles on the way up. So when the chart tightens up, manage you stop aggressively and give your trade a chance to play itself out. Give the market enough breathing room. Lock in some profit after all you should have a risk free trade.

-

Posted by [Davit](#)

Waiting to see what happens with UJ

4hr chart

I have placed pending short on 618 retrace just in case of spike up.

Can you see how accurately harmonics can identify tops?



Posted by [zola320](#)

*Mr.Pip would we take this trade if the price moves to the PRZ.
Im asking because the AB and the CD lines are almost vertical..*



Thank you

If price gets to the PRZ. I probably would. I would first re examine the facts prior to entry. Also the lines you project are not so important what is is the distance covered. Later on perhaps we can get into some price action analysis where we can look at peak and valley and pitch and thrust analysis which will give you an insight on who is gaining and losing power. This is very powerful stuff but one step at a time. Can't throw everything at you at once your head will explode.

Posted by [CockyAmoeba](#)

Greetings Mr. Pip

Thank you for your time and comments on my last post! Very very glad that I saw the correct pattern 😊

I was wondering. We currently only use fib ratios of price swings. Do you at all consider fib ratios of time i.e. Fib time extensions to evaluate your patterns?

Thanks.

No I have not. I have never tried to use time extensions.

Posted by [Blackeagle](#)

You are trading against a very strong uptrend in all higher time frames, H4, Daily, Weekly and even Monthly. It would be safer to take aggressive C trades in trend direction. I'll show you how I trade ABCD pattern in trend direction in the next post.

Regards,
Blackeagle

Very good point going with order flow will always provide higher probability trades. I will point out that this trend has its days numbered. There is a lot of confluence in this very over bought market caution on both sides of the fence traders.



Posted by [well0143](#)

Could anyone shed some light on this area in eclipse why such tight ranges, the AUDUSD seems stuck is there a reason for this economics wise "poking the seasoned traders" 😊

[Attachment 1112859](#)

Don't read too much into it contraction leads to expansion check prior order flow. Price is telling you what it wants to do, listen to it.

Posted by [Kilian19](#)

I am really good at picking out invalid patterns ...

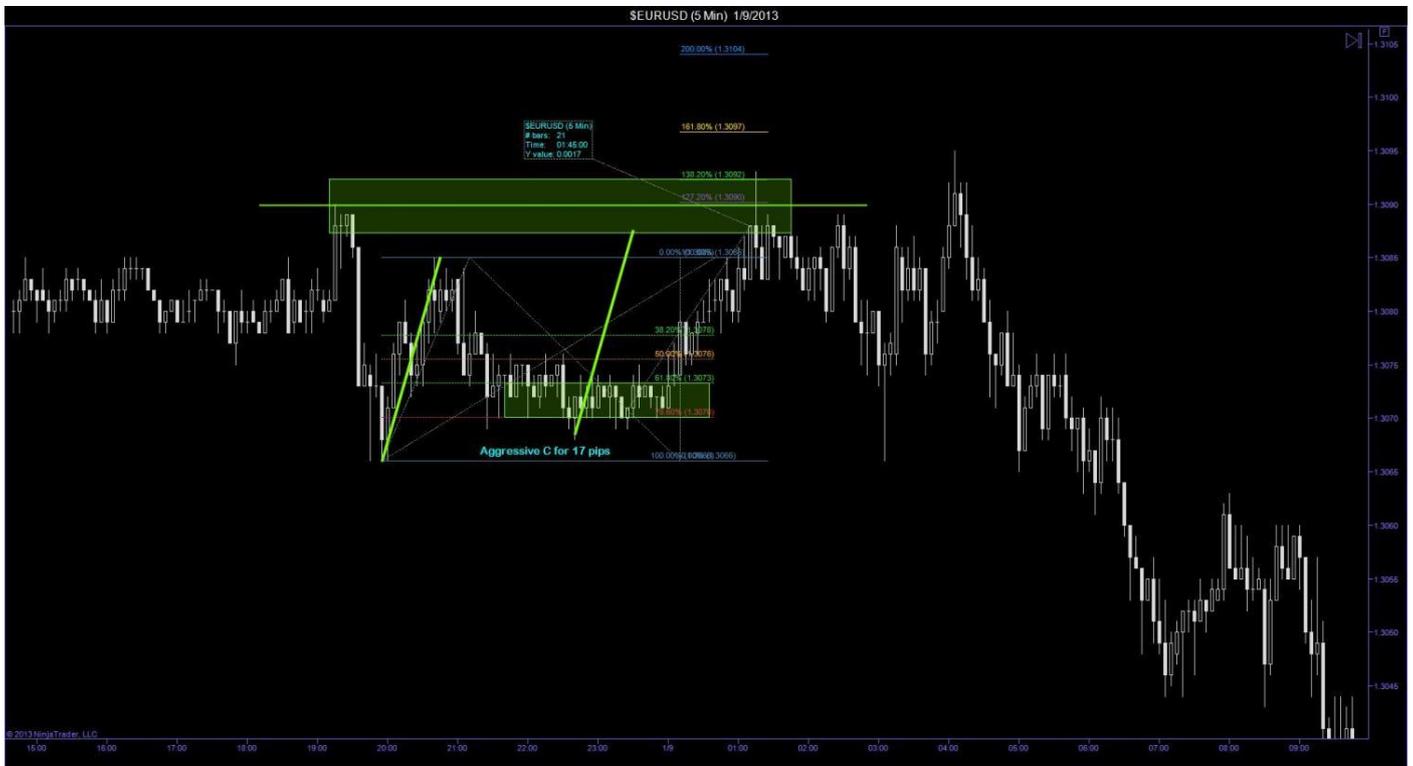
Is there any valid pattern you can find in the first post? Up to now I have just skimmed over the pattern guide to

have more time to looked into main and dominant swings and money management. Point C retraced to far to invalidate any pattern?

I would have taken an aggressive C(B) sell as soon as the 61.8 % and the structure was taken out. BE trade.

2nd chart. Aggressive sell would have been a winner but and after the price spiked through the prz it lost momentum. Would you have taken a long...

When one door shuts another opens keep your eyes opens. The failure lead to a nice aggressive C buy you could have traded and the reversal. Don't give up.



Posted by [Bary](#)

Label your ABCD's because I don't see an ABCD there at all. Also your fibs are draw backwards on that swing. It's an AB=CD 38%. I assume this is what he saw. I traded the reversal like he did on the 233 Tick for 15 pips



Posted by [fiovit](#)

fortunately still has not hit SL, in this case, where should I take the profit?

Attachment 1113135

Manage it just like an ABCD. BE at the 38% of AD profit at the 61. You entered early, what was your thought process?



Traders,

This is why I have not made a video of my session. These are today's trades and it was mainly ratios and confluence. I want to make sure we have a foundation first we will get there. There aren't always patterns to trade but that doesn't mean that there aren't opportunities.

Do not focus on the why the trades were taken. Just want you to see the challenge of putting this in a video without deviating from the patterns. Which is the foundation of this type of trading.

4 trades could have had more but was chatting on the thread for 77 pips.



-
Posted by [HelloOz](#)

there was a strong previous structure resistance 15-20pips below his initial target,
modifying his plan was wise in this case imo

You have a valid point but this should have been taken into account prior to entry and the risk should have also been assessed. Once we start changing our trade plan or rules we are setting ourselves up to subjective trading. This is not and cannot be a consistent way to trade. Your results cannot be measured or improved upon. The decision to move the target after it was already established was emotional and it came from fear. Follow your plan no matter what if the trade did not offer you at least a 1:1 there was too much risk and you should have let it pass by.

We don't chase after trades or price action.

-
Posted by [well0143](#)

Alright fellow traders; I'm interested in this euro use i feel due to moving averages and price action it will go bullish would this be a correct pattern??

[Attachment 1113474](#)

There are jewels to trade on that long journey up. we may also have a Gartley and price may not get way up there.



-
Posted by [Starry](#)

Mr pip,

What stoploss amount above the 161.8 line do you use when you trade the tick chart? Since the 10 pip above the 161.8 for the ABCD pattern is for the 1 hour timeframe.

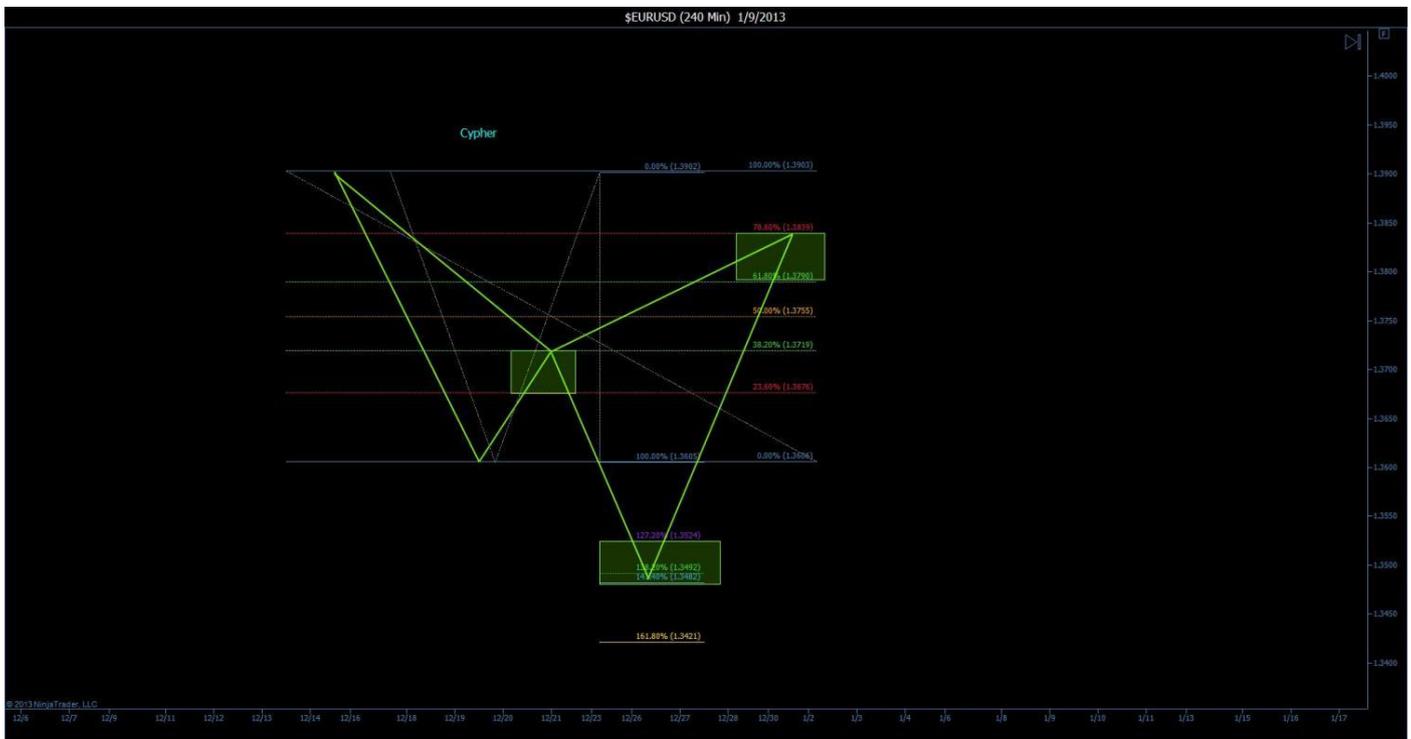
2 pips

-
Posted by [HelloOz](#)

i didnt post any chart,

just want to know what are your thoughts on this, have you heard of them before?

Yes Cypher I haven't added it yet but I trade them. this is what it looks like



Well Before I get to the many posts on the thread I wanted to discuss the Holy Grail.

Trading is much many more components and most traders especially new ones think it does. There are three main components each of which are broken down farther. We are not going to get into these subcomponents but I will mention the three main one because everyone should know this. They are:

1. A trade plan with positive expectancy.
2. A money management plan.
3. Discipline

As important as these are as a whole, this is not the Holy Grail IMHO. These components together are a professional trader's DNA. What keeps you profitable is what you can call your Holy Grail.

I have found mine and it has to do with what keeps me profitable. I have thought about this long and hard and came up with my interpretation of the elusive Holy Grail which I summarized into a quote.

If you want to find your Holy Grail your search starts from within. None of the components above on their own can make you a trader and all three have the possibility to make you profitable, but to be consistently profitable and maintain profitability is the Holy Grail.

Posted by [foxybunny](#)

Blackeagle, agree in general with your three points.

For point 2- trade what you see, not what you think it'll be.

This is much harder, you think you see it, but sometimes it is not what you see, it is the opposite instead.

Everyone see the same chart/price but view it differently, that makes a market of buyers and sellers.

This applies to Ratios & Harmonics as well.

Facts are facts, you either see it or you don't. This is in part due to over analyzing a chart. We have to remove thinking from the equation. We cannot control what the market is going to do but we can control our response to the market.

Price did or did not produce a higher high or low, price did or did not hit that 61.8, price did or did not complete that pattern. Black and white, cut and dry. Free yourselves and I promise you your trading experience will be life changing.

Posted by [Ezzy](#)

Ok , this is my practice time. Again, comments and positive feedback are welcome 🙏

This looks to me like bearish Gartley (If price turns at approx this point).

Your ratios seem a bit off this is what I have and other opportunities for the Gartley. We will discuss these in detail it is the next pattern we will discuss.



Posted by [Damien1881](#)

It maybe an invalid Gartley or Bat, I've been trading Bats that after entry have formed double tops entering at 88.6 with a stop above X and been doing ok. This one I decided to wait for the ABCD completion at 127 ext which gives me 20 pip stop for a 140 potential profit back to the 61.8, So , as far as the news goes in China or anywhere else , I'm taking these trades. [Attachment 1113844](#)

We did the same thing LOL. It is an ugly Gartley and a valid one per my rules.



Posted by [ozziedave](#)

Here is the 4hr Nzdsud chart. The B leg has come up past the 61.8% but short of the 78.6%. Not sure if this is a valid Gartley or has it possibly turned into a butterfly?

It is a valid Gartley



Posted by [gbryant20](#)

Am I correct in saying that your profit target on the AB=CD pattern would be the same as the ABCD? With moving stop to B/E at 38% retracement of AD and taking profit at 62% of AD.

Yes that is correct.

-

Posted by [foxybunny](#)

Always analyzing charts can coz over analysis.

Like and agreed with your rule-based patterns that you follow.

Of course my rules may vary slightly different to your rules.

Free yourself from what??

Keep your promise. 😊

Indicators and subjectivity. The mind can sometimes be a trap and too much weight is often placed on indicators. Listen to price it tells you all you need to know.

I intend to keep it. 🙌

-

Posted by [rumba68](#)

I discovered this thread earlier this week and caught up with all the posts. I've been trading the Harmonic patterns for a while now and just wanted to say how impressed I am by the effort put in by Mr Pip. There are vendors charging hundreds to thousands of dollars teaching the same exact methods. Seeing someone donating his time and answering every single question with care is very refreshing. I've stayed away from forums for quite some time but I'll be following this one.

Thank you and welcome looking forward to your contribution.

Just doing the whole giving back thing. This business has changed my life and I'm tired of all the crap out there and the thieves taking people for a ride to the poor house. If you know what i'm saying.

-

Posted by [omonla](#)

I thought price was gonna go down at C but i was so wrong.can you pls tell me why.Thanks [Attachment 1114186](#)

Well my friend this analysis is based on facts present on the charts. I can't speak for our friend IGYU5AN and if this is what he saw but I can tell you that you were against order flow. and did not see the areas of confluence the would have kept you in the direction of order flow. Remember I always say to take a step back and see if you missed anything? Trading what you see would have fatten your pockets big time.

The first chart is the daily it identifies major S/R

The Second is the 4H it identifies some key facts and also short term S/R

The third is the 4H with a closer look at where you felt price would drop which it did and why it failed to continue.

Hope this helps answer your question.





Posted by [gbryant20](#)

Yes I just entered at 3262. I hope the trade is still legit as I believe it is. If not please let me know lol. I just can't get away from the screen this stuff is too cool. Thanks again!
I'm in too



Posted by [Ezzy](#)

Hi Mr Pip, many thanks for your feedback in the earlier posts, much appreciated. I hope you don't mind me asking. In the chart I posted last night, I suggested that we may have a bearish gartley on the 4hr NZDUSD, your reply was that I got my ratios a bit off.

I will re-post it for you to take a look at it, if you don't mind.

In post 1057 another Chart was posted of the 4hr NZD USD, and you indicated that it was a valid Gartley. Looking at both, they both have the same ratios, just wondering if I am missing something.

Thanks again

Ezzy

I guess maybe it was my eyes it's difficult to see values on MT4. If anyone took that Gartley you are enjoying around 50 pips of profit right about now and is interacting with some support.



Posted by [CockyAmoeba](#)

Greetings Mr Pip

I just want to confirm why you entered the trade - was it on the bat? if so did it not invalidate by closing above the 88.6?

Thanks!

Yes it was the bat that got me in. Looking at price action on the lower TF I saw rejection of the 88% which triggered my entry. This one gave me clues that I was in trouble. Price found strong support repeatedly at minor level 23% and above. This means we are still very bullish. I found a graceful exit for a scratch trade as my reasons for entering my trade were no longer valid I took a 2 pip hit



-
 Posted by [Nate04](#)

Yeah that Bat trade on EURUSD was more like a vampire bat... It got me as well. Blah... I'm not having a very good run with this so far.

Well this will happen out of the three main patterns that completed yesterday two are winners and one was a loser. We also had some very nice abcd action inbetween these patterns and extremely nice aggressive C entries. There should have been lots of 🤪 this week. On the three main patterns alone had you just traded that your risk was around 40 or so.

AU = +25
 NU = +69
 EU = -40

Still +54 not bad at all. That means 2 out of 3 for 66.6% and +54. You will find as we get into the patterns that the lost on a Prz failure of a pattern completion is insignificant because we exploit the crap out of them. we have not covered these yet only the ABCD. and by taking advantage of the aggressive C position look how well that has done this week as well.

Another thing you need to consider. As a trader you need to determine how many patterns you can trade in a day and divide your position size accordingly. Trading one out of three patterns is not good either. Don't put all your eggs in one basket.



[quote=Ed777;6358475]Mr. Pip

Few questions

When you trade 233 tick, is it mainly on eurUSD or do you also trade 233 on other pairs? Seems eurUSD is most favorable for 233 tick due to low spread

compared to some other pairs that act like they have ADHD 😊

Yes I trade only EU the time frame is too fast to look at other pairs and spread is good.

Seems you trade mostly from 7AM to 11AM NY time. how many trades on the 233 tick do you usually take during that period?

Yes that is about right 7 to 12

On the 233 tick....what do you think of a strategy of just entering limit orders to get in when pullbacks reach 61.8with small stop loss of 6-7pips ?

Mainly ABCD and aggressive buys/sells. Also patterns if they occur but mainly ABCD and aggressives are the bread and butter.

I know you have a plan of how you want to teach us so i am patient to wait.

Though I look forward to seeing a video of 233 tick with you explaining your

logic for the trades you took in that day. I really like the 233 tick picture

you shared, though a video would be fantastic and help clarify your decision

making process 😊

I will be making one real soon, I've been busy trading and the thread and life none of it stops.

-

Here is the video of the swing id for GBPJPY 5M.

Post questions comments concerns. Thanks.

http://www.youtube.com/watch?feature...&v=319oUEQTm_Y

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Posted by **Korndawg**

Mr Pip, thanks for your vids and all the info you provide here, good things will come to you for helping all of us traders.....I do have a question though, and it may be hidden in this thread, which has almost gone viral...I mean the posts just keep coming.....anyway my question is when you have a retrace, extension or whatever and lets say its between the 50 and 61.8, otherwise it has gone past the 50 but not hit the 61 level.....how do you label that? I know its not going to hit the levels exactly but just curious how you handle this.....thanks...

Great question. In the process of making these patterns your own you will have to decide what you consider to be acceptable. As you know price will not always come exactly to where we want it and this does not mean we get to guess because we do not do that. But in your trade plan you will have to say that if price comes to within 3-5 pips of the ratio you will accept that as valid. If you are unsure and are torn between two potential patterns, rest easy the next leg will help you confirm which pattern you are looking to qualify. Does this answer your question?

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Posted by **iqyu5an**

start seeing bearish butterfly but ... if we could sell higher ... we could also buy lower 😊

why bearish bat failed ? i did not take that bearish BAT . why ? ratio is just ratio.....always make interpretation of the PA. What CD leg means ? if only ratio..... simple.....go for sell but we got to risk that broker will hit TP (trader will hit SL) easily.

Let's agree the ratios are just ratios and is the reason to seek out confluence zone adds this as strength to the ratios. The pattern had the confluence I seek and occurred in proper form and place. As you can see from the price action around the completion point the market respected the pattern by an extended period of price consolidation. This was not a case where price blew completely through the PRZ. Sure it's easy now to see the daily closed above the ideal demand zone but that is information that is not available at the time of entry. We also cannot wait for the daily close to take this into account. This pattern was traded off of the H1 at least for me and the facts that I used to take the trade were in accord with the ROE.

These patterns will fail as this one did. They are in the neighborhood of 75-80% accurate. In my experience these patterns work just as well outside of channels as they do inside of them and isn't even a consideration on my part in trade decision. We will discuss this further beginning Monday with the Gartley. We will also discuss graceful exits which I took on this particular pattern to minimize the loss.