

DCASTFX ADVANCE PATTERNS RULES OF ENGAGEMENT (R.O.E)

ABCD Pattern:

- Tools
 - o Fibonacci Retracements: Primary used 61.8%.
 - o Fibonacci Extensions: Primary used 127.2% & 161.8%.
- Timeframes
 - o The ABCD Pattern was designed as a day / swing trading strategy. It can be identified on any timeframe and can be seen in formation of other advanced patterns.
- Tactics
 - o The tactics for the ABCD Pattern are very similar to other well known advanced patterns. We seek to identify 3 market moves and 2 major Fibonacci zones. The combination of these moves forms the 4 points (A,B,C,D) that fulfill the pattern.

Rules of Engagement: Criteria 1

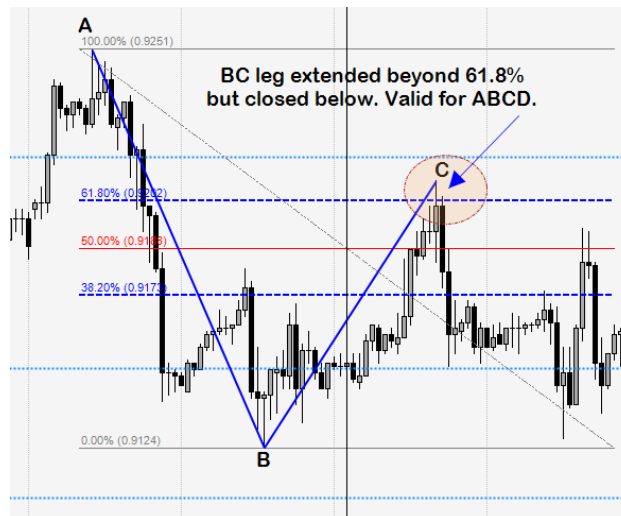
The ABCD Pattern begins with a market movement / impulse leg that establish our **A** and **B** points.

Once the A and B points have been identified, we then look for our first criteria.

Criteria 1: The market forms the (C) completion point by fulfilling at least a **61.8% retracement of the AB leg.**

Note: The BC move remains valid as long as there is at least a 61.8% retracement of AB and there **is not** a candle close beyond the 78.6% retracement of AB.

Note: The C completion point (candle wick) can extend beyond the 61.8% retracement of AB as long as the candle does not close beyond the 78.6% retracement of AB. An example of this is presented below.



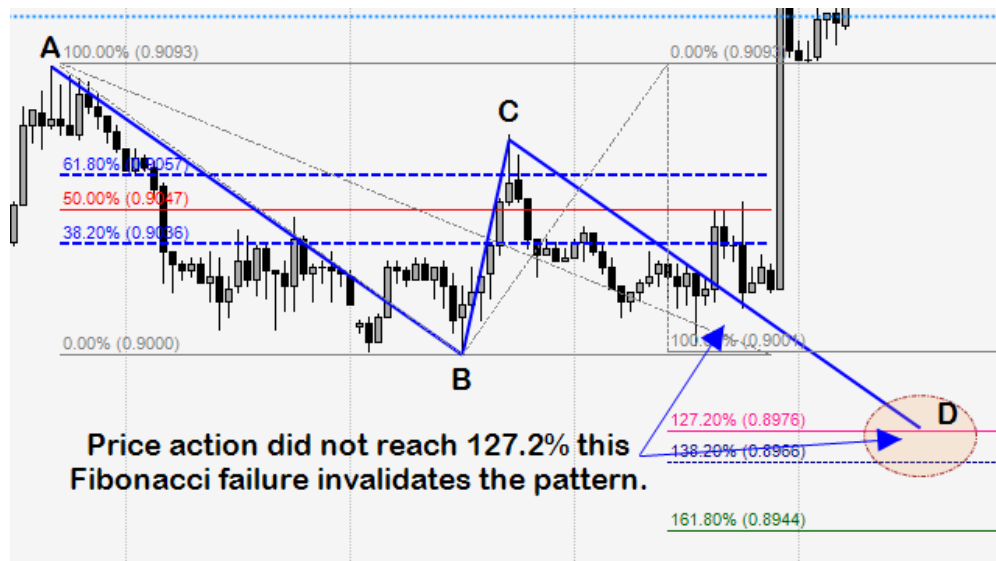
Rules of Engagement: Criteria 2

If criteria 1 has been met, then look for criteria 2.

Criteria 2: The market forms the (D) completion point by fulfilling at least a one to one harmonic move of the AB leg coming in at a **127.2% extension of AB.** For ratio confluence confirmation a measurement of the BC may be taken and the extension should come in at around a 138.2% to a 161.8%.

Note: The **D** point remains valid as long as there is at least a 127.2% extension of **AB** there is not a candle close beyond the 161.8% of **AB**.

Note: In a valid **CD** move, there must be at least a 127.2%. Failure to achieve a 127.2% invalidates the pattern. An example of this is presented below.



Trade management: Entry, Stops, & Targets

Simple Rules

Entry: Limit order placed at the **D** completion point (127.2% of **AB**).

Stop Placement: 10 pips +/- 161.8% extension of **AB**.

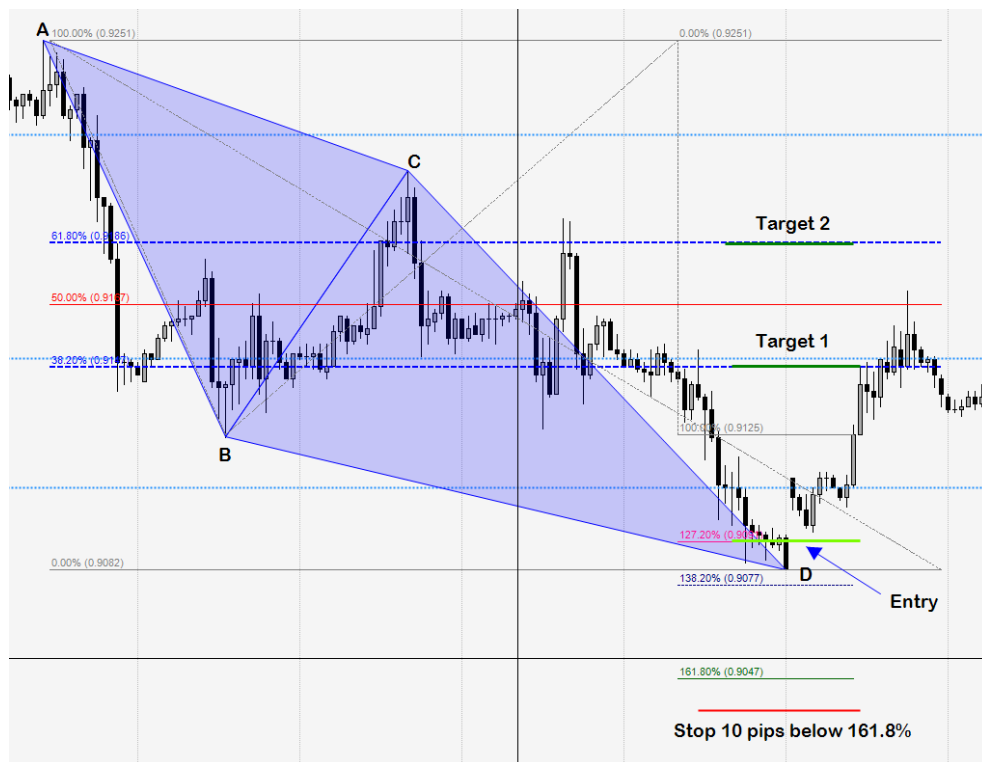
If long entry, stop goes 10 pips below the 161.8% extension of **AB**.

If short entry, stop goes 10 pips above the 161.8% extension of **AB**.

Target 1: 38.2% retracement of **AD** move. When attained, move stops to breakeven.

Target 2: 61.8% retracement of **AD** move. When attained, trail stop to structure +/- 10 pips.

Here is an example of an ABCD Pattern with entry, stops, & targets:



Aggressive C Buys/Sells

Entry: If price closes between the **61.8%** and **78.6%** Fib of point **C**, then take a long or short position at market in the direction of order flow.



Note: Taking an entry against order flow offers a lower probability trade and exposes you to greater risk. Price cannot close above the **78.6%** or close below the **61.8%** as this invalidates the setup.

Trade management: Stops, & Targets

Simple Rules

Stop Placement: 10 pips +/- of **A**.

If long entry, stop goes 10 pips below **A**.

If short entry, stop goes 10 pips above **A**.

Target 1: 38.2% retracement of **BC** move. When attained, move stops to breakeven.

Target 2: Is at the pattern completion point **D** or the **127.2%** Fib extension. When attained, close trade and look for reversal or trail stop to structure +/- 10 pips.

Here is an example of the aggressive C buy/sell with entry, stops, & targets:

