Savvy MACD Indicator

1   Introduction

The Savvy MACD indicator extends standard MACD indicator looks with a useful features:

1. It colorizes MACD histogram, using 4 colors: for positive rising MACD (strong up-trend), for positive lowering MACD (reversed up-trend), for negative lowering MACD (strong down-trend) and for negative rising MACD (reversed down-trend)
2. It shows the general trend, calculated on slow EMA
3. It shows the second signal SMA, which many people like to use for confirming the signal
4. It shows price breaks of slow EMA, which can be used for tracking Triangle of Flag patterns
5. It shows the height of MACD waves
6. It detects price bullish and bearish divergence
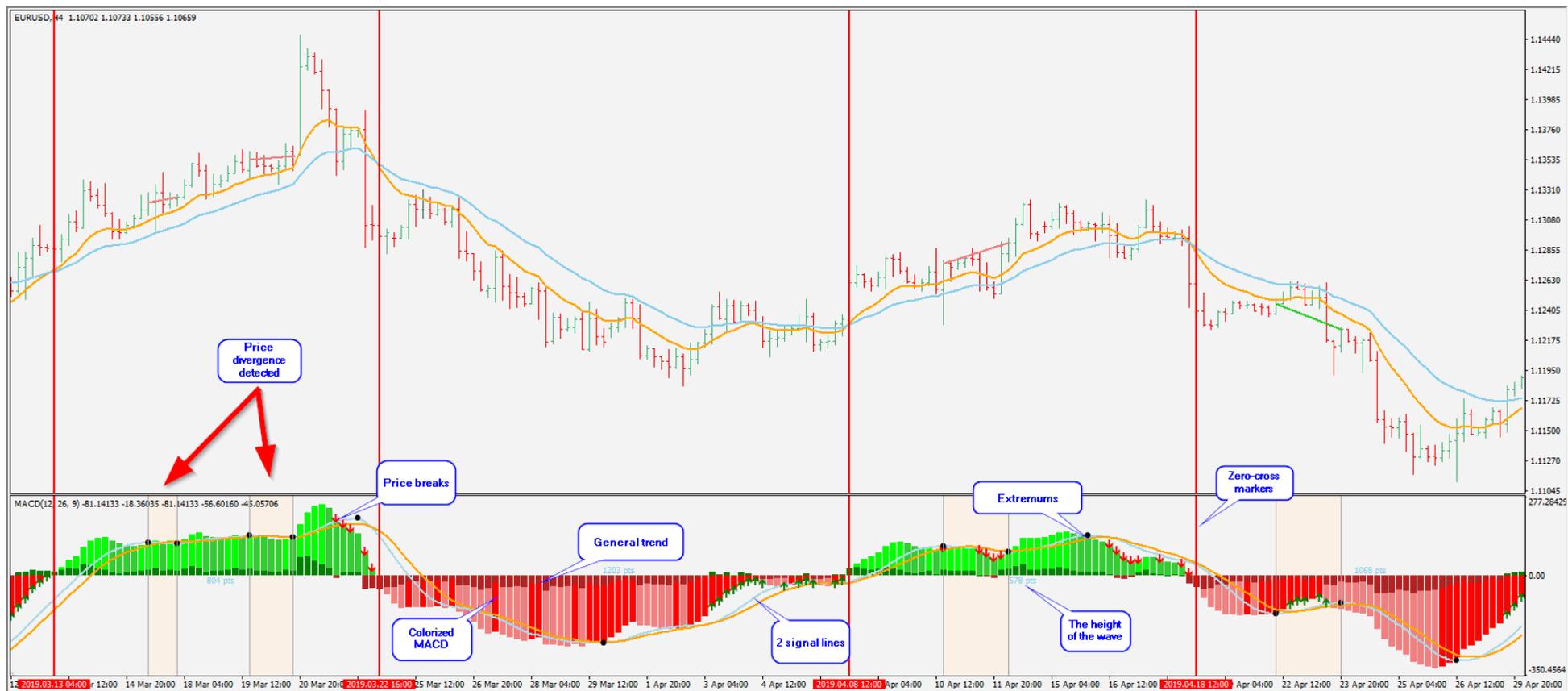
Figure 1 - Common view of Savvy MACD

2 Parameters

2.1 MACD Parameters

This section is the same to standard MACD settings. You can set

- Fast EMA Period

- Slow EMA Period
- Signal SMA Period
- Applied price (close,open, high, low,median, typical, weighted)
- Additionally, you can set the second signal SMA Period. If you do not need it, just set it 0

2.2 Visual parameters

- *Units*. This parameter specifies the units of MACD values. Standard MACD indicator shows the MA delta in price units. For Forex pairs, which usually have 5 decimal digits, it looks like 0.00001 and is not readable. Savvy MACD indicator offers several units to measure MACD:
  - *Price delta*. It is a classic way of measure
  - *Delta in points.* The price value is transformed to points, which a well-readable and understandable. This is a mode by default.
  - *Delta in percent relative to slow EMA*. The price delta is shown as a percent of slow EMA
- *Show slow EMA slope*. If checked, Savvy MACD indicator shows additional histogram reflecting a speed of rising/lowering of slow EMA:

Figure 2 – Trend indication

- *Show price breaks through a figure.* If checked, it marks all price punches. This feature is especially effective with long-term MACDs. Let's consider, for example, MACD 20/200/9:

Figure 3 - Price breakthrough

- *Show divergence*. When enabled, this parameter helps to detect price divergences. You can build price divergence with MACD main line or with signal line. Also, you can enable/disable filling divergence zones. There is an example of detected divergence zone below:
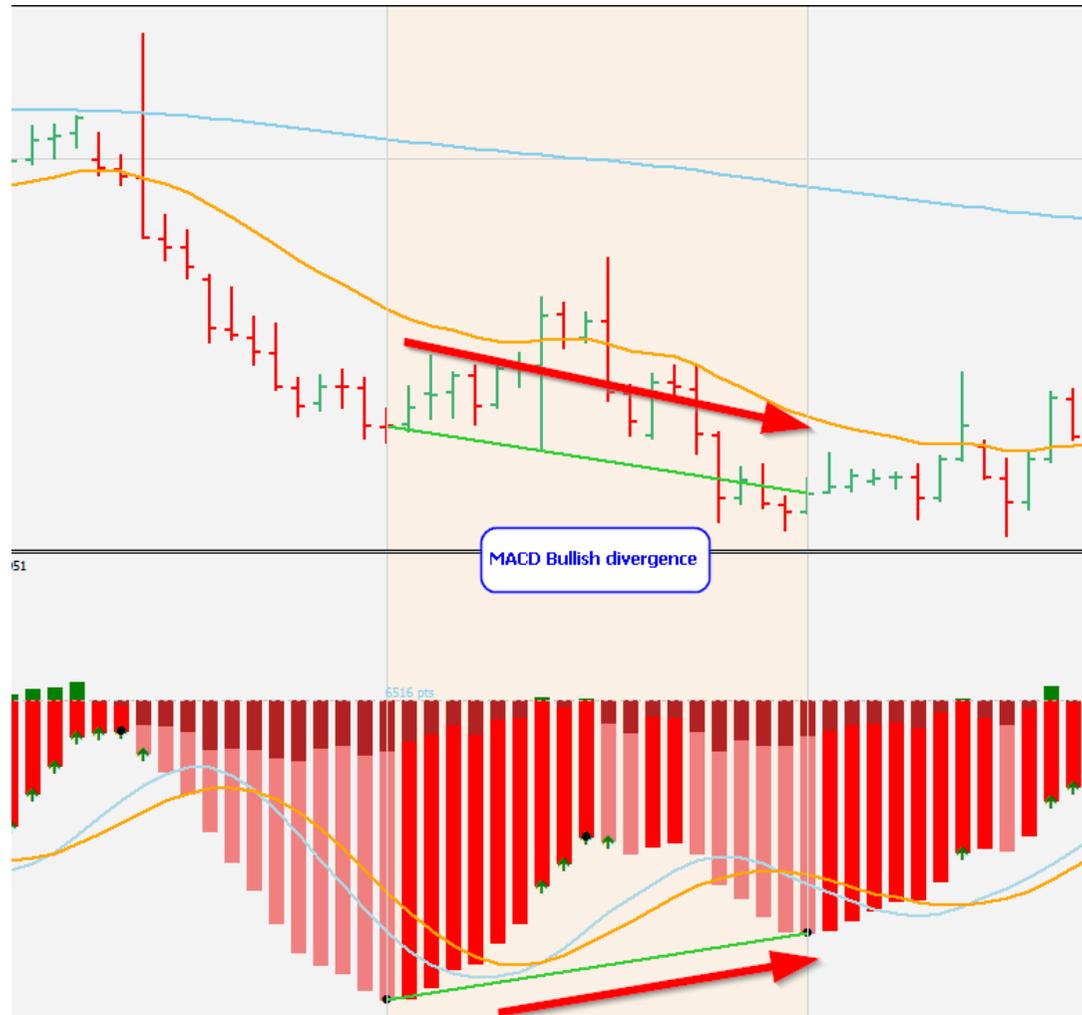
Figure 4 – Bullish divergence – MACD has mins rising, meanwhile the price drops

- *Show profit between cross points*. This parameter enables a price delta calculation inside each MACD wave.
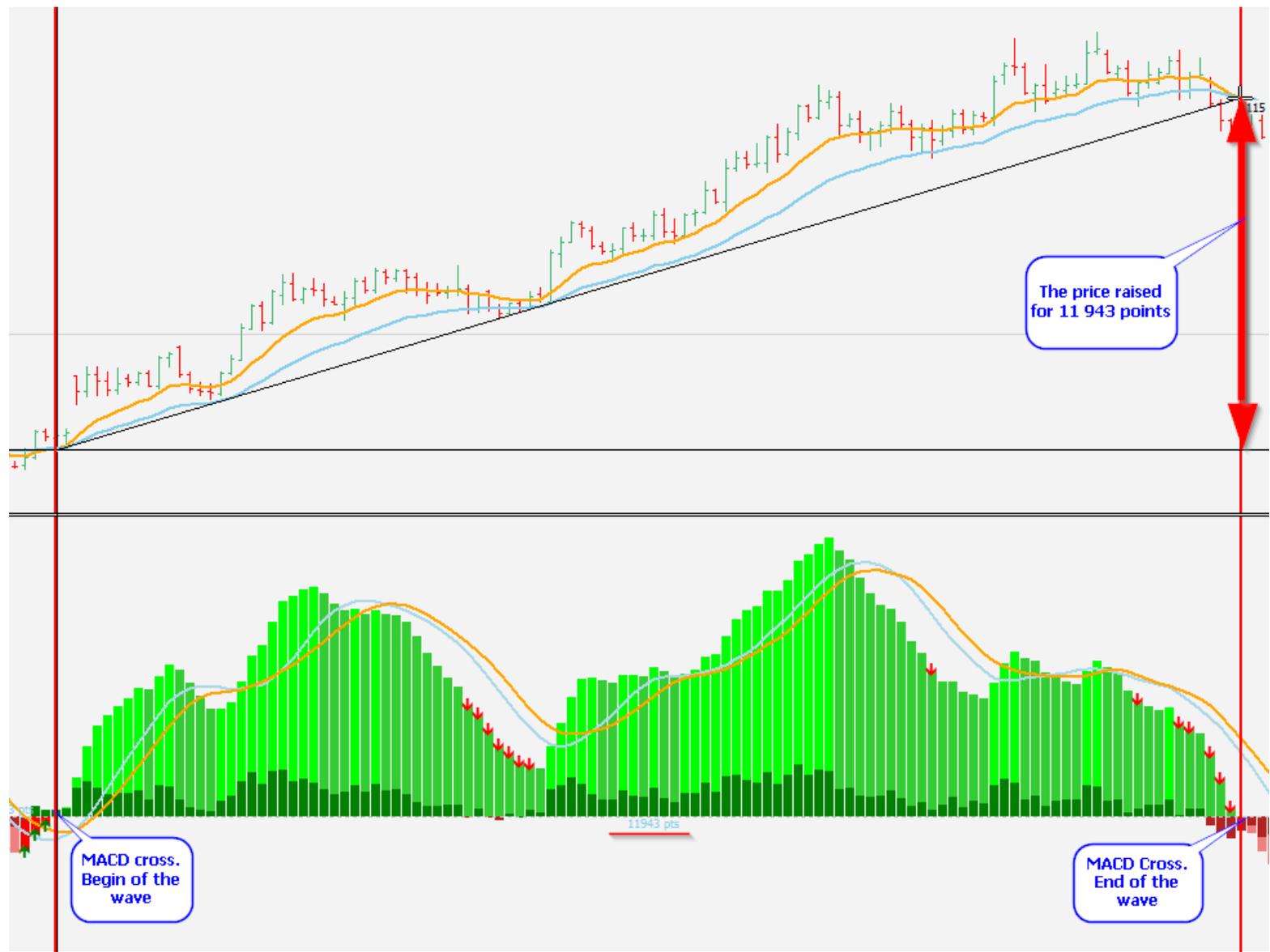
Figure 5 – Price delta between start and end of MACD wave

Additionally, you can choose the mode of calculation: price delta between MA crosses, price delta between close prices or both. An example of both calculations are shown below:
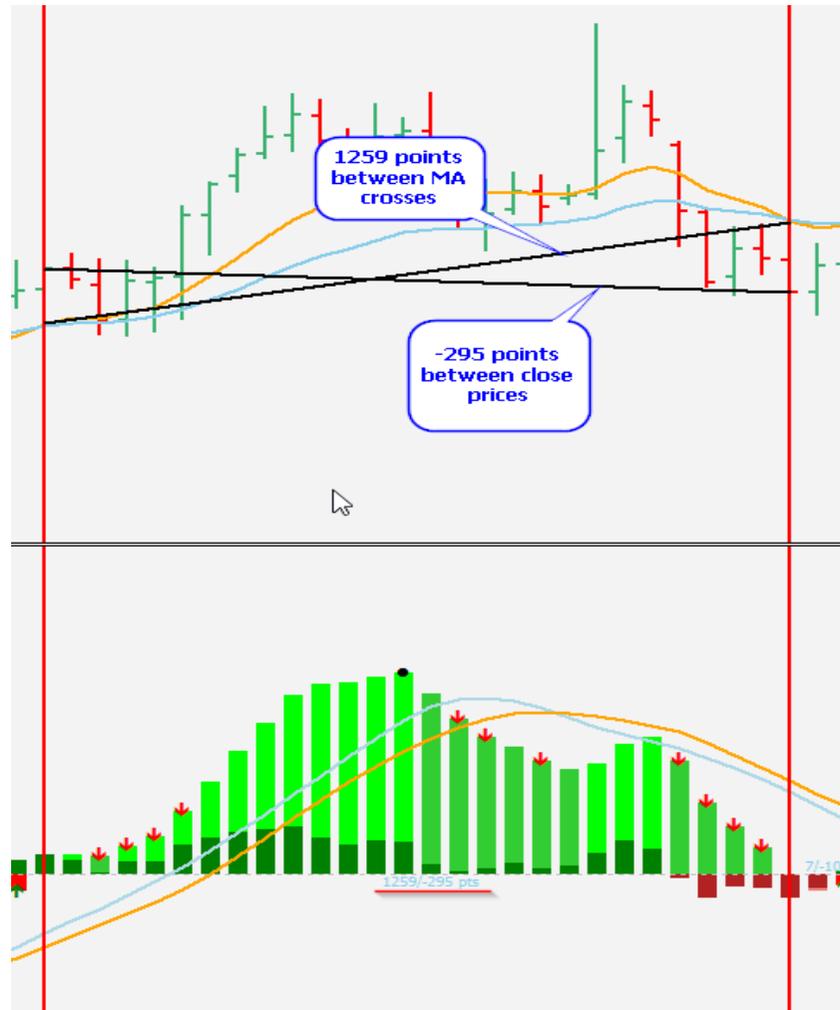

Figure 6 - Calculating price delta in 2 modes: between MA crosses and between close prices

- *Show vertical lines on cross*. When enabled, shows the vertical line on each point where MACD crosses zero line
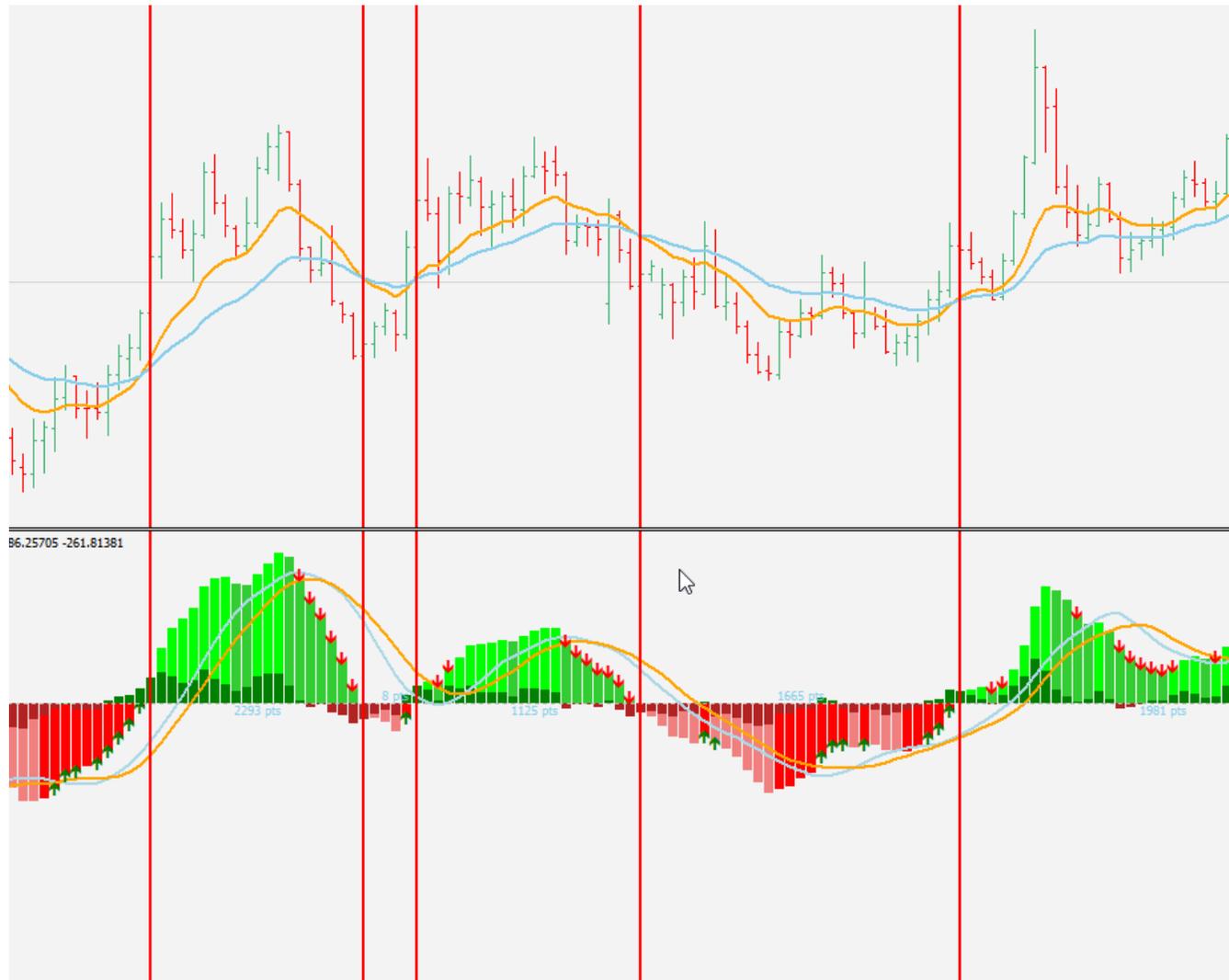
Figure 7 – Red vertical lines show places where MACD crosses a zero line

- *Alerts and notifications*. Savvy MACD indicator can notify you (via alerts or push notifications to your smartphone) about next events:
  - MACD crossed a zero line

- Signal line #1 crossed main MACD line
- Signal line #2 crossed main MACD line
- Price broke the slow EMA

Just check the events you want to track and choose the mode of notification.