

TRADERS CHEAT SHEETS



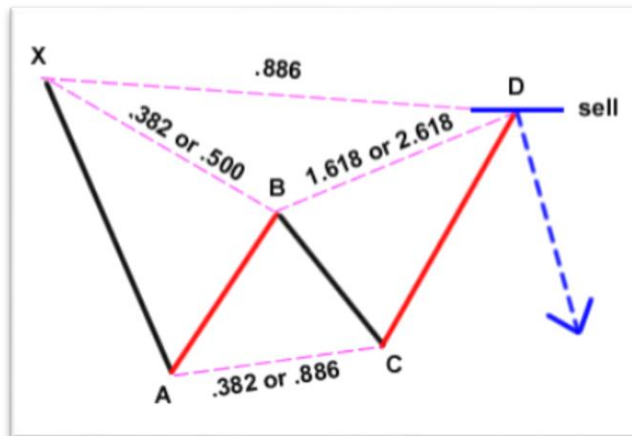
R  **M**
LEARN
FOREX

TRADERS' CHEAT SHEET

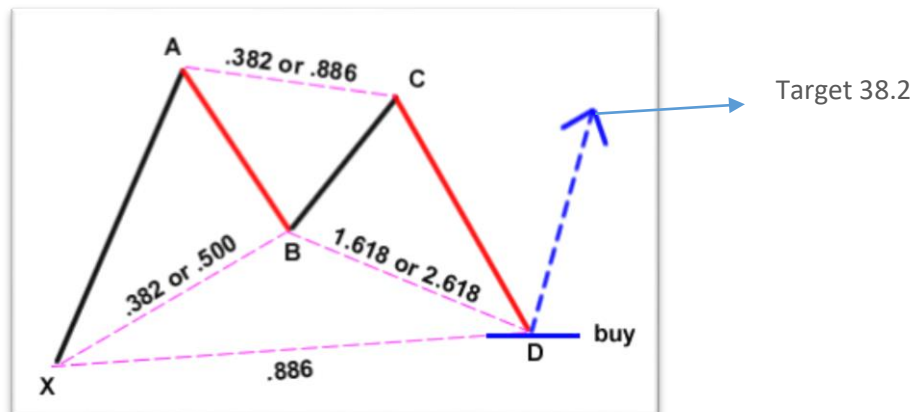
COUNTER TREND TRADING

THE BAT

Bearish Bat:



Bullish Bat Pattern:

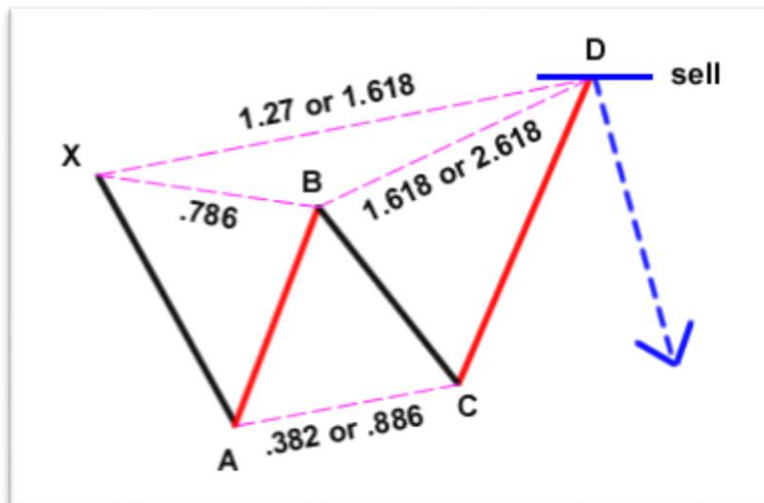


Come 2001, Scott Carney founded another Harmonic Price Pattern called the "Bat". The Bat is defined by the .886 retracement of move XA as Potential Reversal Zone. The Bat pattern has the following qualities:

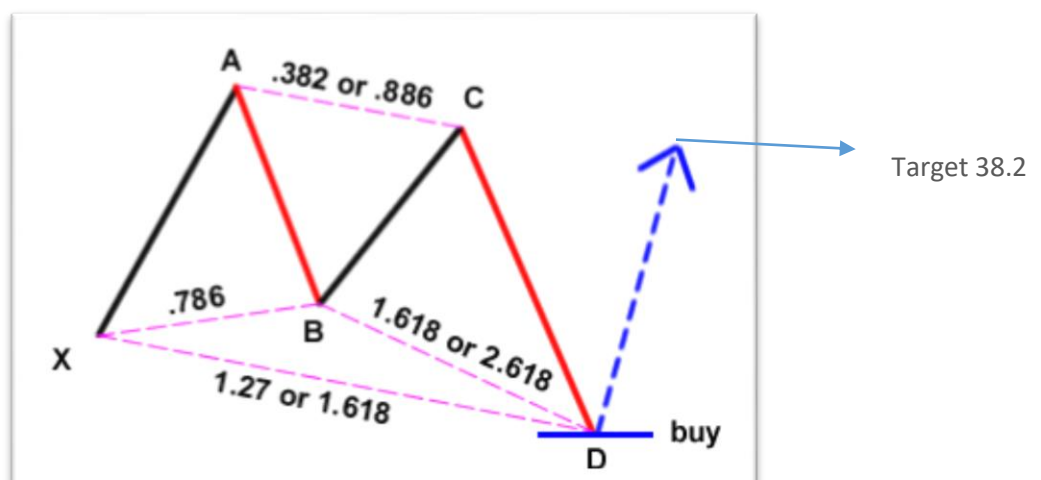
1. Move AB should be, .382 or .500 retracement of move XA.
2. Move BC can be either .382 or .886 retracement of move AB.
3. If the retracement of move BC is .382 of move AB, then CD should be 1.618 extension of move BC. Consequently, if move BC is .886 of move AB, then CD should be 2.618 extension of move BC.
4. CD should be .886 retracement of move XA.

THE BUTTERFLY

Bearish Butterfly:



Bullish Butterfly:



Created by Bryce Gilmore, the Butterfly pattern is defined by the .786 retracement of move AB with respect to move XA. The Butterfly contains these specific characteristics:

1. Move AB should be the .786 retracement of move XA.
2. Move BC can be either .382 or .886 retracement of move AB.
3. If the retracement of move BC is .382 of move AB, then CD should be 1.618 extension of move BC. Consequently, if move BC is .886 of move AB, then CD should extend 2.618 of move BC.
4. CD should be 1.27 or 1.618 extension of move XA.

CONTINUATION CHART PATTERNS

Continuation chart patterns are those chart formations that signal that the ongoing trend will resume.

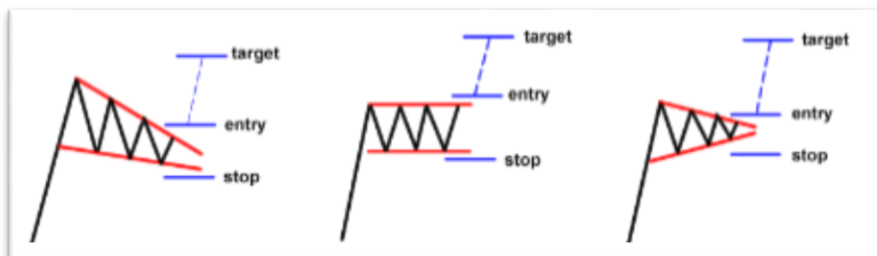
Usually, these are also known as consolidation patterns because they show how buyers or sellers take a quick break before moving further in the same direction as the prior trend.

We've covered several continuation patterns, namely the wedges, rectangles, and pennants. Note that the wedges can be considered either reversal or continuation patterns depending on the trend on which they form.

Falling Wedge:

Bullish Rectangle:

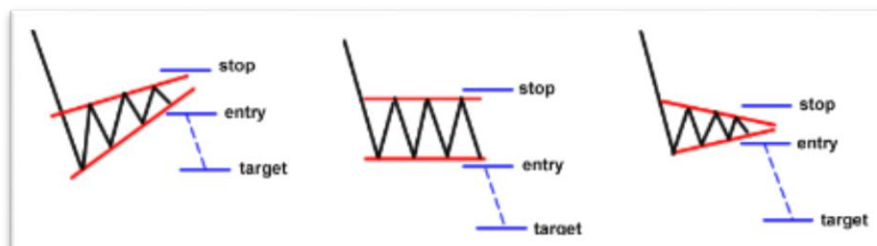
Bullish Pennant:



Rising Wedge:

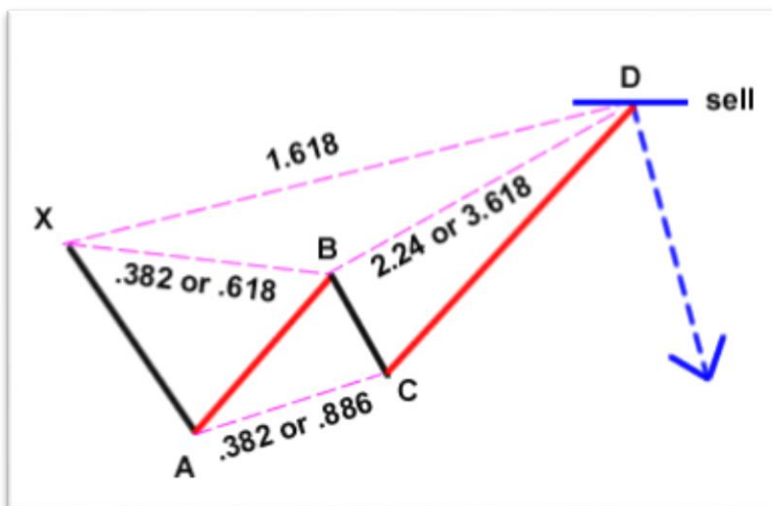
Bearish Rectangle:

Bearish Pennant:

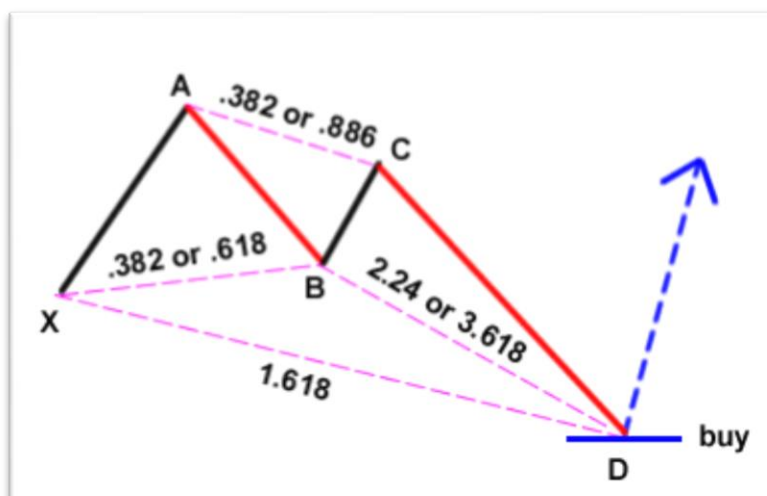


THE CRAB

Bearish Crab:



Bullish Crab:



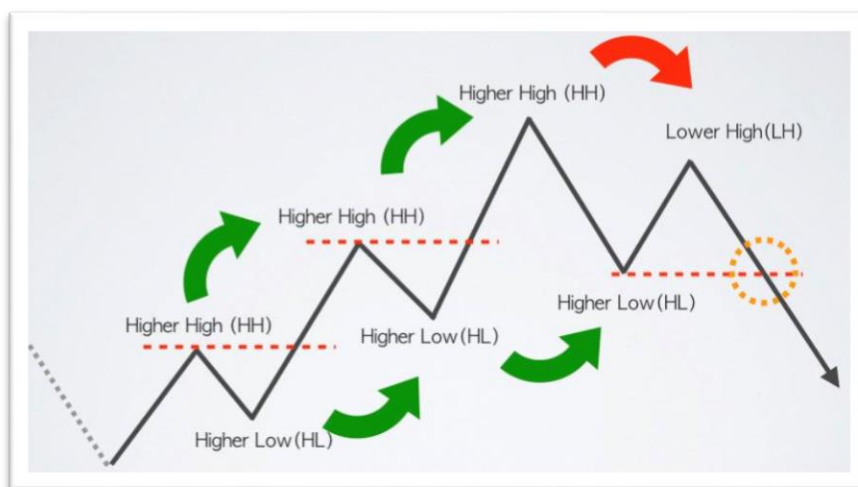
In 2000, Scott Carney, a firm believer in harmonic price patterns, discovered the "Crab".

According to him, this is the most accurate among all the harmonic patterns because of how extreme the Potential Reversal Zone (sometimes called "price better reverse or imam gonna lose my shirt" point) from move XA.

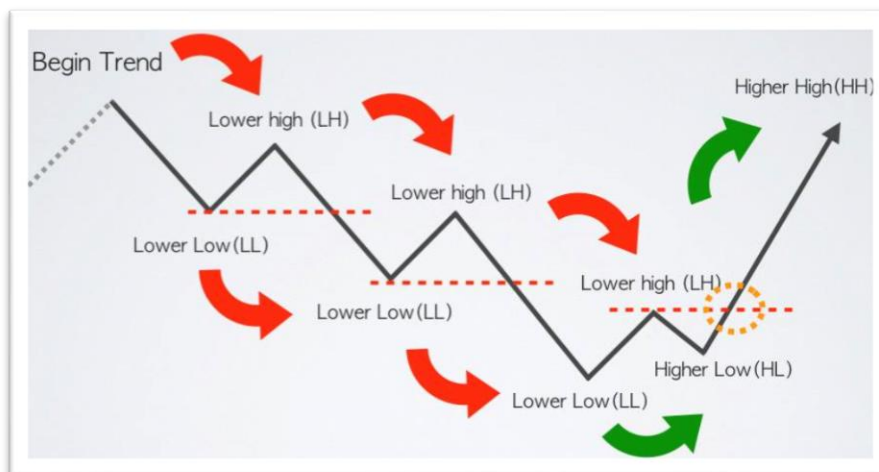
This pattern has a high reward-to-risk ratio because you can put a very tight stop loss. The “perfect” crab pattern must have the following aspects:

1. Move AB should be the .382 or .618 retracement of move XA.
2. Move BC can be either .382 or .886 retracement of move AB.
3. If the retracement of move BC is .382 of move AB, then CD should be 2.24 of move BC. Consequently, if move BC is .886 of move AB, then CD should be 3.618 extension of move BC.
4. CD should be 1.618 extension of move XA.

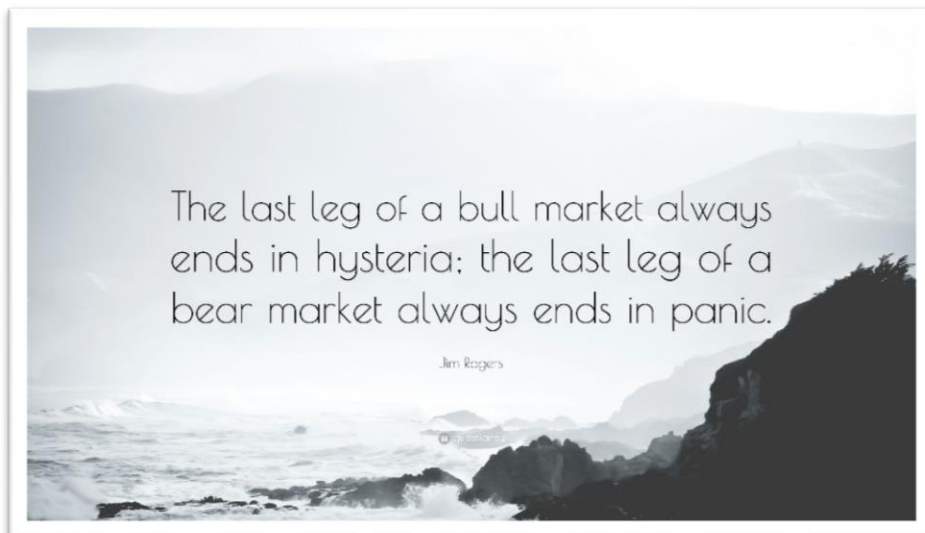
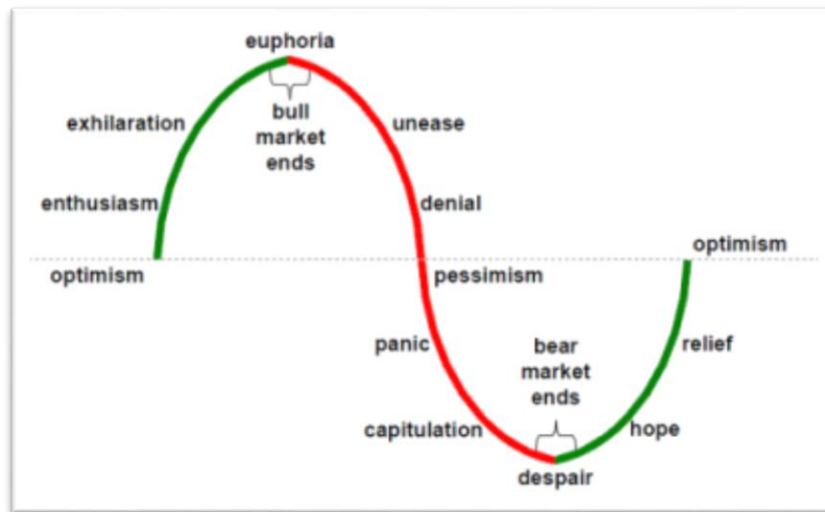
UP trend:



DOWN trend:



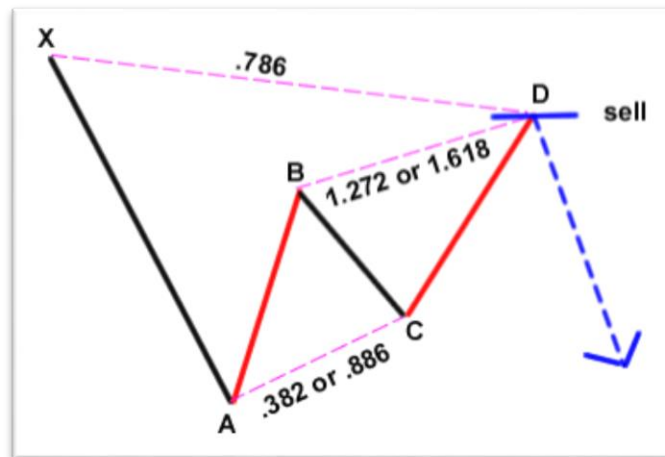
THE BULL MARKET VS BEAR MARKET



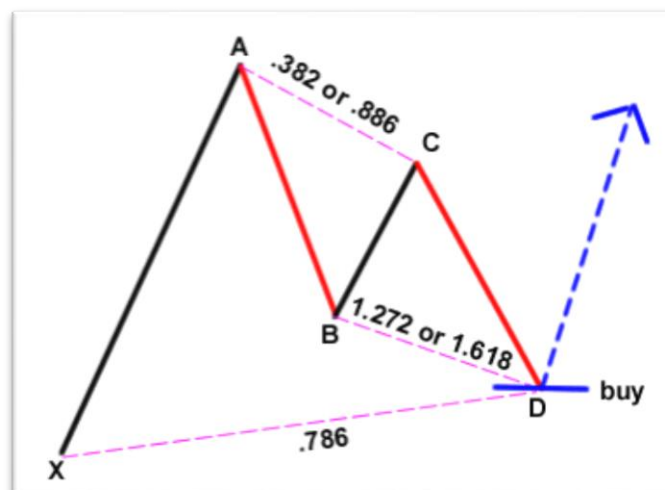
GARTLEY

Now these patterns normally form when a correction of the overall trend is taking place and look like 'M' (or 'W' for bearish patterns). These patterns are used to help traders find good entry points to jump in on the overall trend.

Bearish Gartley:



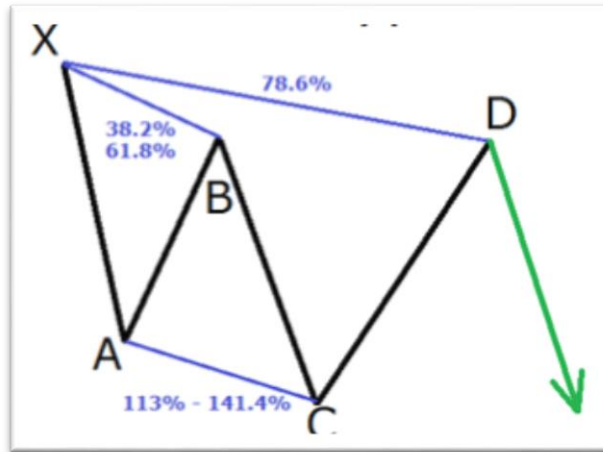
Bullish Gartley:



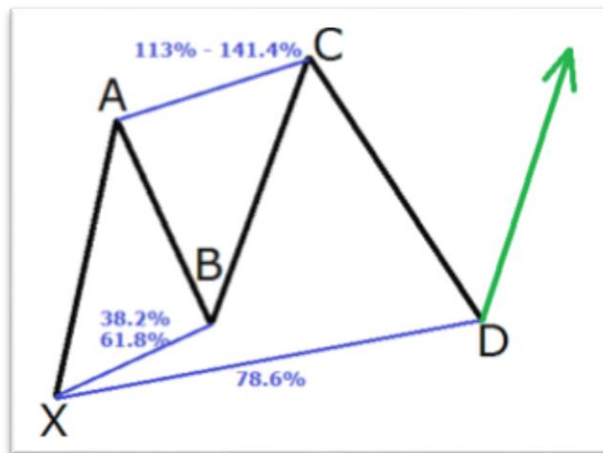
A Gartley forms when the price action has been going on a recent uptrend (or downtrend) but has started to show signs of a correction.

CYPHER PATTERN

Bearish Cypher:



Bullish Cypher:



REVERSAL PATTERNS

Reversal patterns are those chart formations that signal that the ongoing trend is about to change course.

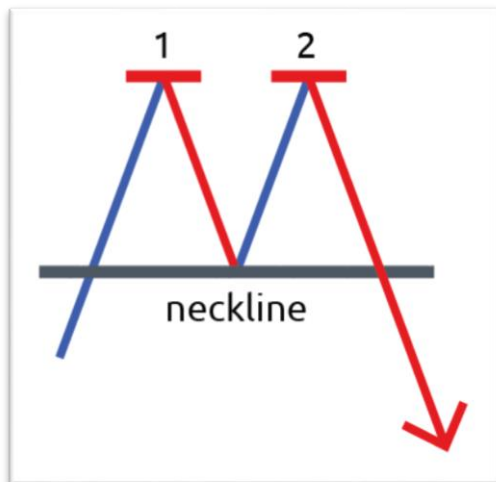
If a reversal chart pattern forms during an uptrend, it hints that the trend will reverse and that the price will head down soon. Conversely, if a reversal chart pattern is seen during a downtrend, it suggests that the price will move up later on.

In this lesson, we covered six chart patterns that give reversal signals. Can you name all six of them?

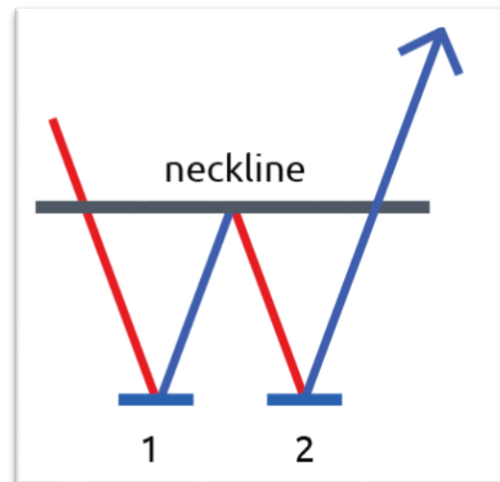
1. Double Top
2. Double Bottom
3. Head and Shoulders
4. Inverse Head and Shoulders
5. Risings Wedge
6. Falling Wedge

If you got all six right, brownie points to you!

1. Double Top

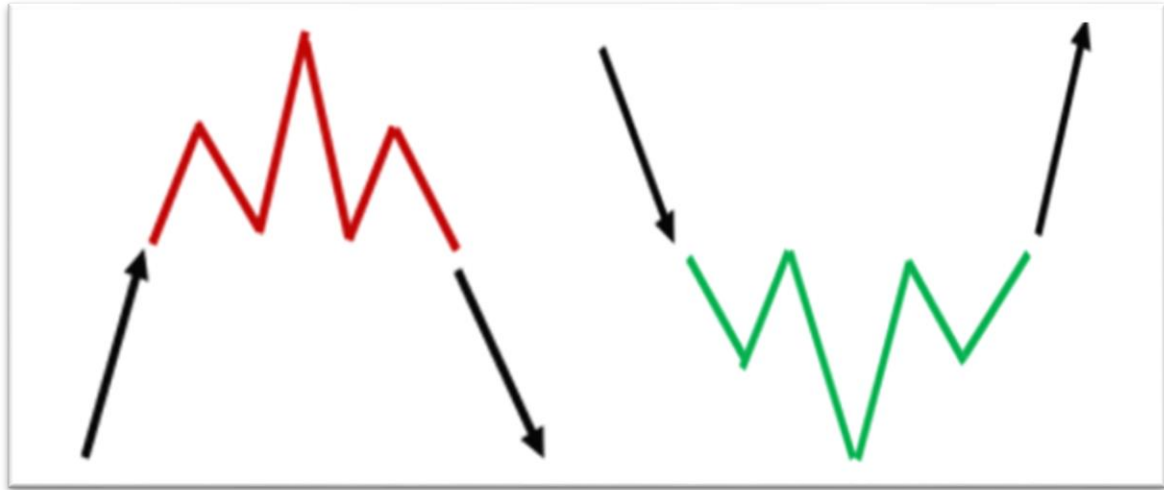


2. Double Bottom



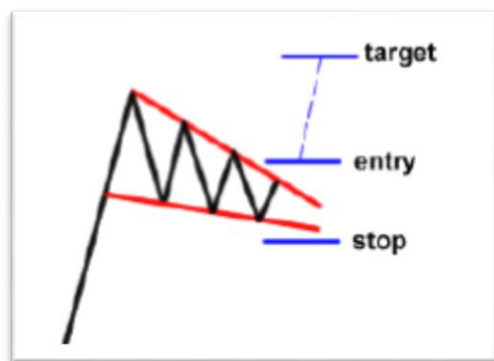
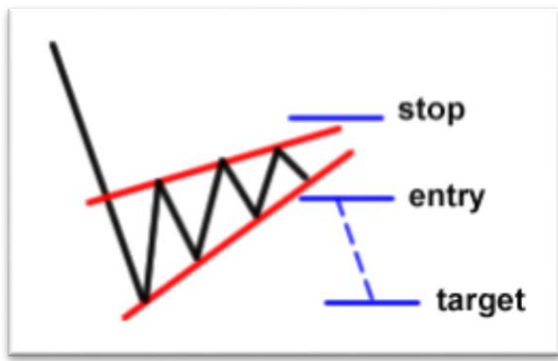
3. Head and Shoulders

4. Inverse Head and Shoulders



5. Rising Wedge

6. Falling Wedge

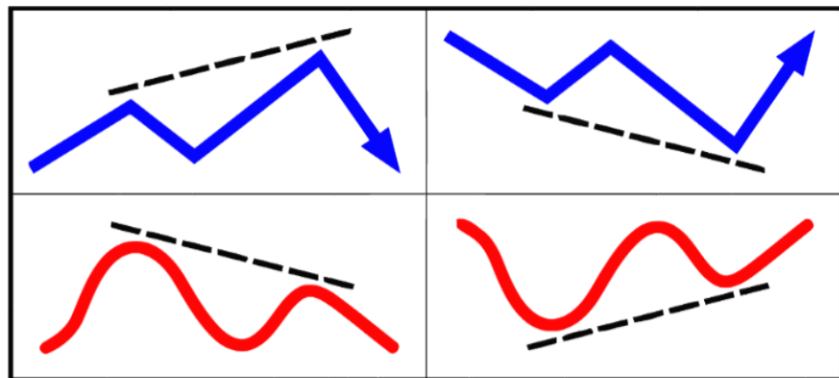


DIVERGENCE PATTERNS

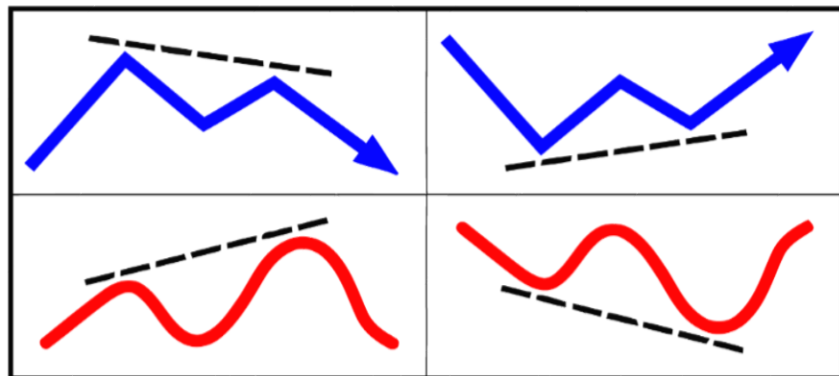
Bearish Divergence

Bullish Divergence

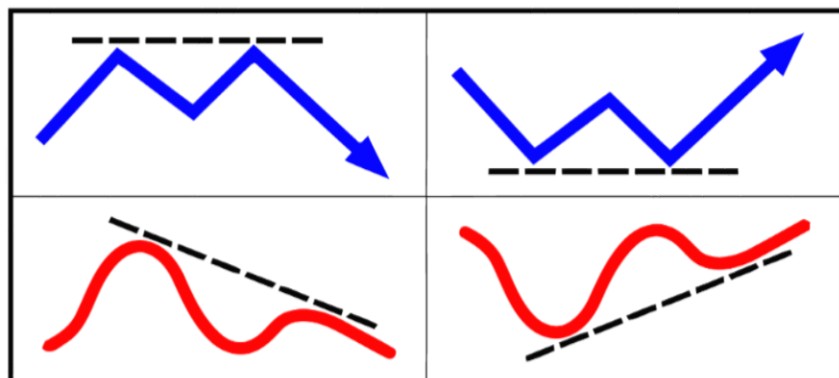
Normal/
Regular Divergence



Reverse/
Hidden Divergence

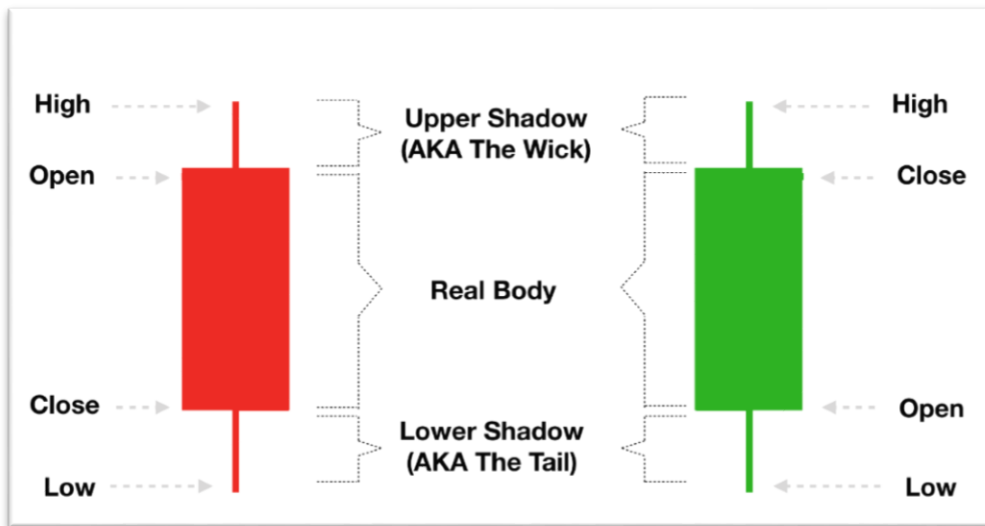


Exaggerated
Divergence



CANDLESTICK PATTERNS

Bars vs Candles:



Different Candlestick Patterns:

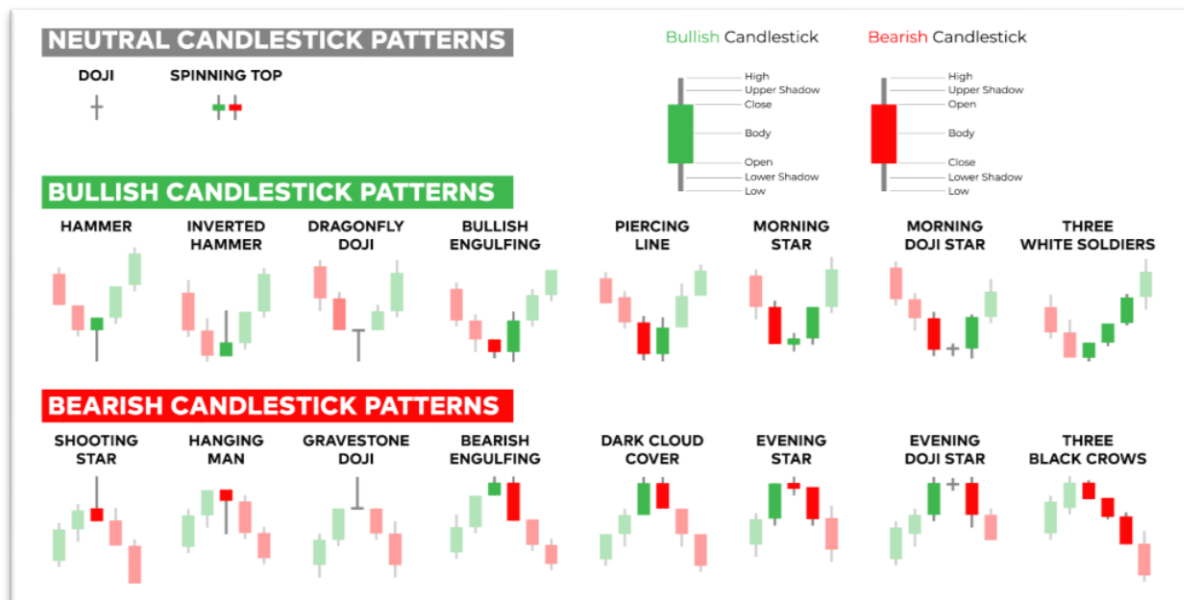


CHART PATTERN BREAKDOWN

Chart Pattern	Forms During	Type of Signal	Next Move
Double Top	Uptrend	Reversal	Down
Double Bottom	Downtrend	Reversal	Up
Head and Shoulders	Uptrend	Reversal	Down
Inverse Head and Shoulders	Downtrend	Reversal	Up
Rising Wedge	Downtrend	Continuation	Down
Falling Wedge	Uptrend	Reversal	Down
Falling Wedge	Uptrend	Continuation	Up
Rising Wedge	Downtrend	Reversal	Up
Bearish Rectangle	Downtrend	Continuation	Down
Bullish Rectangle	Uptrend	Continuation	Up
Bearish Pennant	Downtrend	Continuation	Down
Bullish Pennant	Uptrend	Continuation	Up

Market Movements

1.	\$	↑	C	↓	IR	↓	B	↑	S	↑
2.	\$	↓	C	↑	IR	↑	B	↓	S	↓

\$ = Currency Market

C = Commodity Market

IR = Interest Rates

B = Bond Market

S = Stock Market