

The Harmonic Pattern Collection

The Official the Harmonic Trading Software for ChartIQ
By Scott Carney

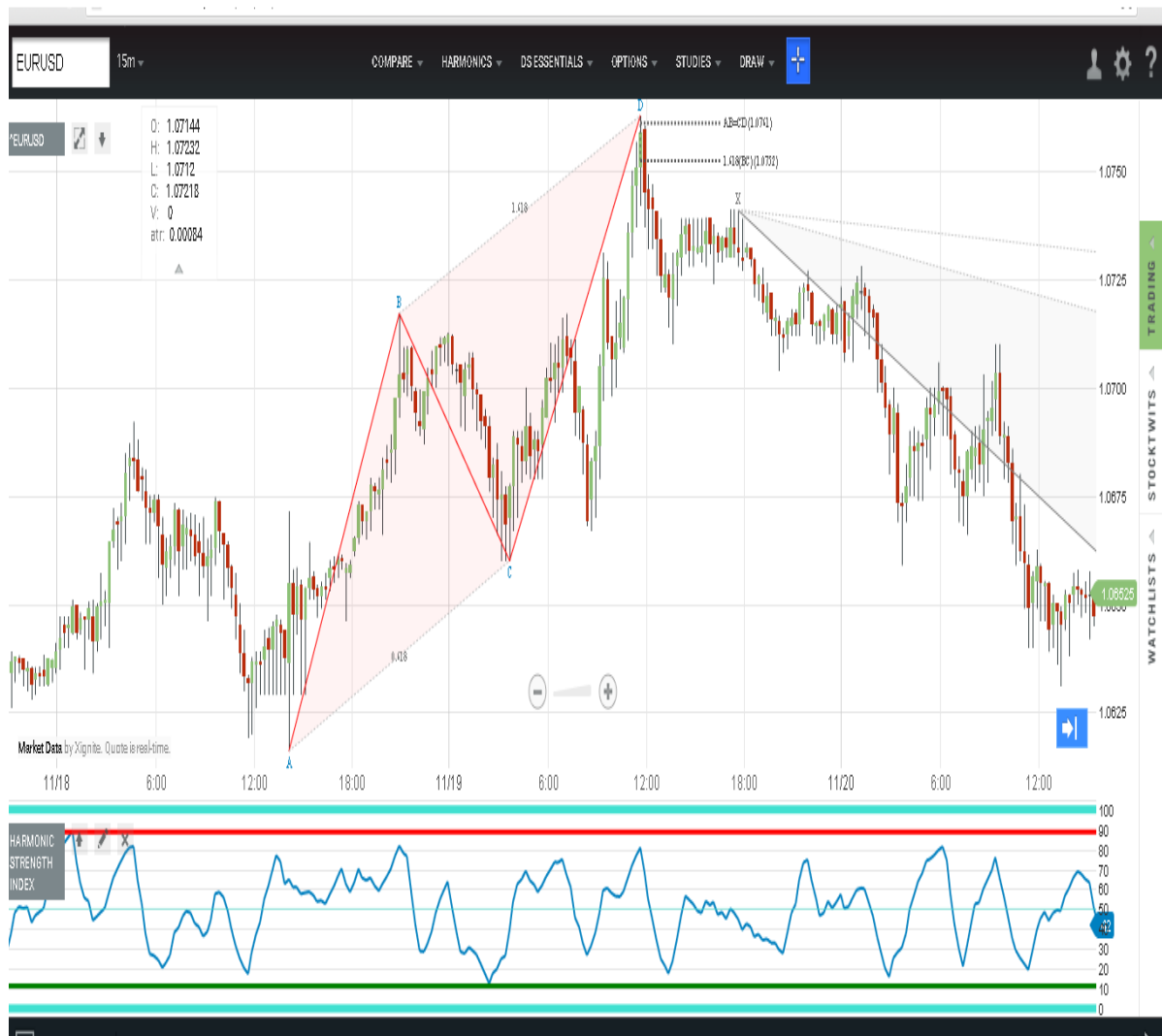
Over the past decade, harmonic patterns have become one of the most popular technical tools used by traders today. Created as a part of the Harmonic Trading methodology, these patterns identify important structural signals unlike any other strategy. I introduced harmonic patterns in my first book, "The Harmonic Trader" (1998) and defined the rules that validated these structures as profitable opportunities. Back then, advanced software technology was only starting to emerge. In fact, I initially measured all structures by hand and had to sift through hundreds of charts a day to find excellent opportunities. Now, in partnership with Divergence Software, we have developed the official the Harmonic Trading software for ChartIQ. The end result of our collaboration produced an effective program that correctly measures and defines the best structural trading opportunities based upon harmonic patterns.

The Harmonic Pattern Collection for ChartIQ makes Harmonic Trading easy, as it automatically scans and identifies trading opportunities, doing all of the work for you. The program illustrates the measurements and defines the critical levels of harmonic support and resistance as defined by these structures. The software can scan for all harmonic patterns at once or individually as selected. The AB=CD, Alternate AB=CD, Bat, Alternate Bat, Butterfly, Crab, Gartley, 5-0, Shark pattern alignments were defined in "The Harmonic Trader" and "Harmonic Trading Volume 1&2" and programmed according to these optimal specifications. Harmonic patterns are extremely effective but must be measured properly and managed effectively to optimize their profitability.

One of the simplest structures within the Harmonic Trading approach is the AB=CD pattern. The *Harmonic Pattern Collection's* AB=CD scanner identifies structures that possess ideal symmetry and proper ratio measurements to define those opportunities with the highest probability for profit. AB=CD patterns define important harmonic zones of support and resistance that provide defined price levels for trade executions. The following chart shows an excellent example of this pattern in the EURUSD.

Eurodollar (EURUSD): 5-Minute Bearish AB=CD

The following chart shows an ideal Bearish AB=CD pattern. This structure is quite common and frequently identifies excellent intraday trading opportunities. The Harmonic Pattern Collection automatically measured, labeled and alerted an excellent potential opportunity. After a sharp rally earlier in the session, the software identified the precise harmonic resistance as defined by the structural measurements.



The intraday pattern was nearly 200 pips in length but defined a precise zone that was approximately within a 10 pips range between 1.0751-1.0762. Immediately after testing this harmonic support, the price action reversed at the exact pattern completion point. By the next day's session, the price action reversed 150 pips.

Eurodollar (EURUSD): 5-Minute Bearish AB=CD Potential Reversal Zone (PRZ)

It is important to note that the *Harmonic Pattern Collection* employs only those measurements that match the correct structure. The following chart shows the price action in the Potential Reversal Zone.



The ChartIQ platform possesses many excellent technical tools that can be integrated with the *Harmonic Pattern Collection* to confirm trade opportunities effectively. One of the primary indicators utilized within the Harmonic Trading approach is the new Harmonic Strength Index (HSI).

Eurodollar (EURUSD): 5-Minute Bearish AB=CD Potential Reversal Zone (PRZ) with HSI

Referring to our example of the Euro, the harmonic resistance as defined by the pattern was complemented by an Overbought HSI reading. When price action reverses at the completion of a harmonic pattern with a technical reading such as HSI, the probability of a profitable trade increases immensely. In this intraday example of the Euro, the Harmonic Strength Index (HSI) reading tested the Overbought level (+88.6) simultaneously as it reversed from the Potential Reversal Zone of the AB=CD pattern.



Whether you trade on 5-minute, 60-minute or longer-term daily intervals, the Harmonic Pattern Collection for ChartIQ platform automates these strategies and provides a variety of other technical tools to help traders pinpoint opportunities, optimize profit potential and reduce risk. Personally, I am proud to present such a fine program to help traders navigate markets and better understand price action to realize the financial success that they seek.

Great Harmonic Trading,

Scott Carney

To learn more about the *Harmonic Pattern Collection*, please access our ChartIQ homepage:
www.HarmonicPatternCollection.com