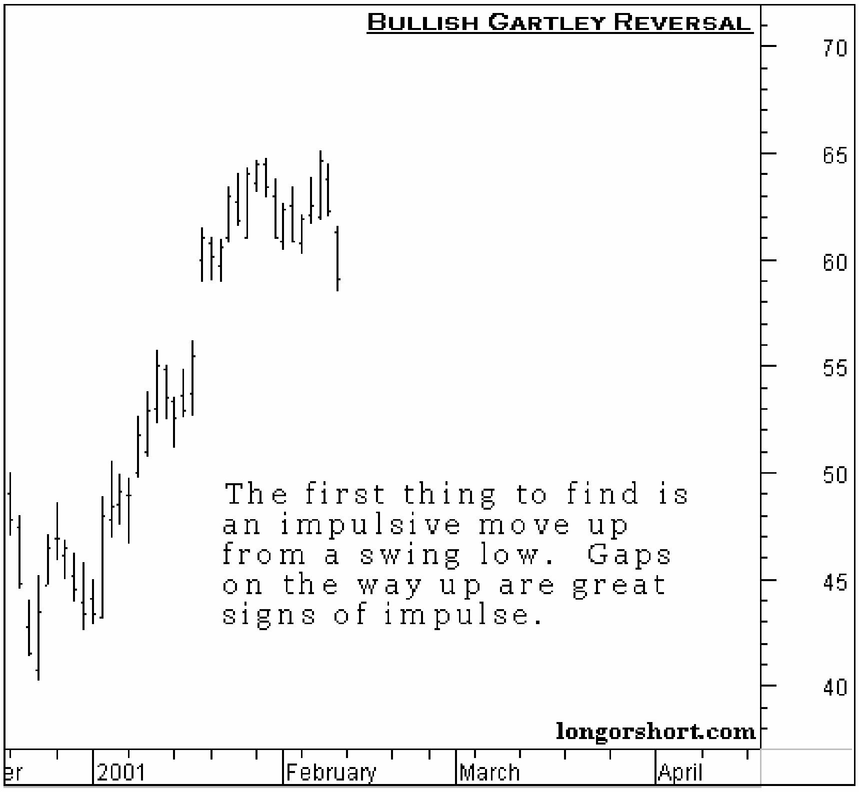
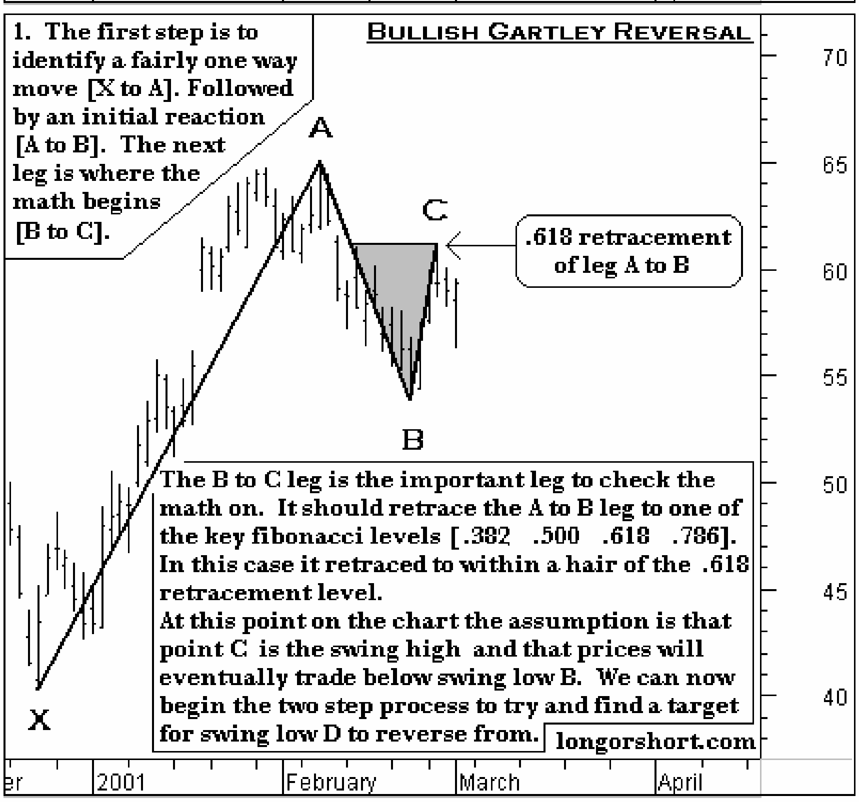
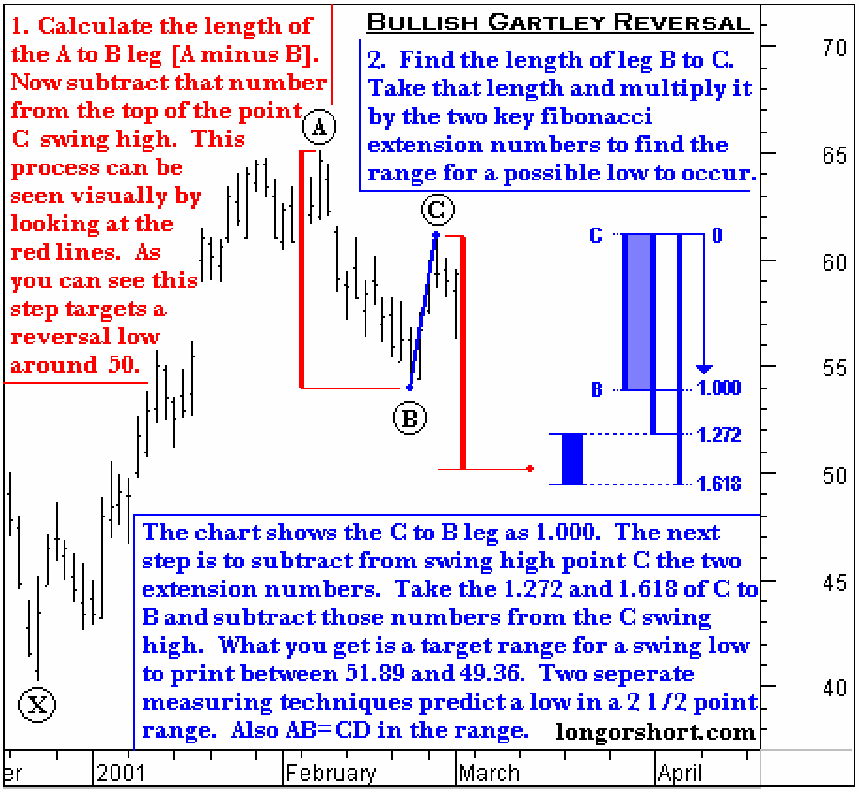
Gartley Pattern Tutorial

Bullish Gartley Reversal Pattern






1. Calculate the length of the A to B leg [A minus B]. Now subtract that number from the top of the point C swing high. This process can be seen visually by looking at the red lines. As you can see this step targets a reversal low around 50.
Bullish Gartley Reversal
2. Find the length of leg B to C. Take that length and multiply it by the two key fibonacci extension numbers to find the range for a possible low to occur.
A
B
C
X
C
0
B
1.000
1.272
1.618
70
65
60
55
50
45
40
The chart shows the C to B leg as 1.000. The next step is to subtract from swing high point C the two extension numbers. Take the 1.272 and 1.618 of C to B and subtract those numbers from the C swing high. What you get is a target range for a swing low to print between 51.89 and 49.36. Two seperate measuring techniques predict a low in a 2 1/2 point range. Also AB=CD in the range.
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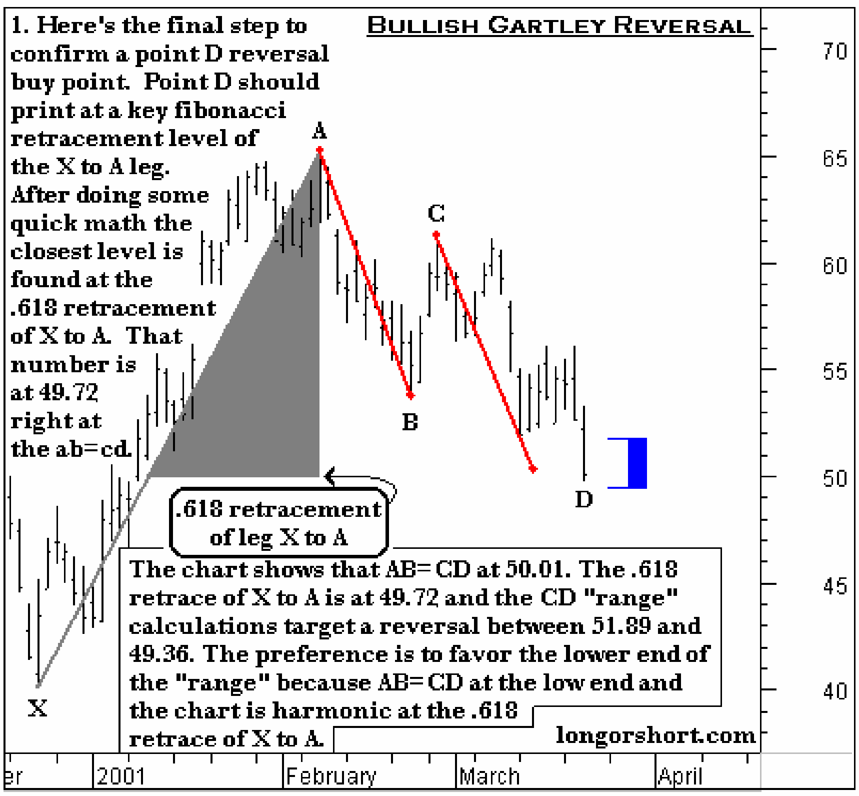
1. Here's the final step to confirm a point D reversal buy point. Point D should print at a key fibonacci retracement level of the X to A leg. After doing some quick math the closest level is found at the .618 retracement of X to A. That number is at 49.72 right at the ab=cd.
Bullish Gartley Reversal
A
B
C
D
X
.618 retracement of leg X to A
70
65
60
55
50
45
40
The chart shows that AB=CD at 50.01. The .618 retrace of X to A is at 49.72 and the CD "range" calculations target a reversal between 51.89 and 49.36. The preference is to favor the lower end of the "range" because AB=CD at the low end and the chart is harmonic at the .618 retrace of X to A.
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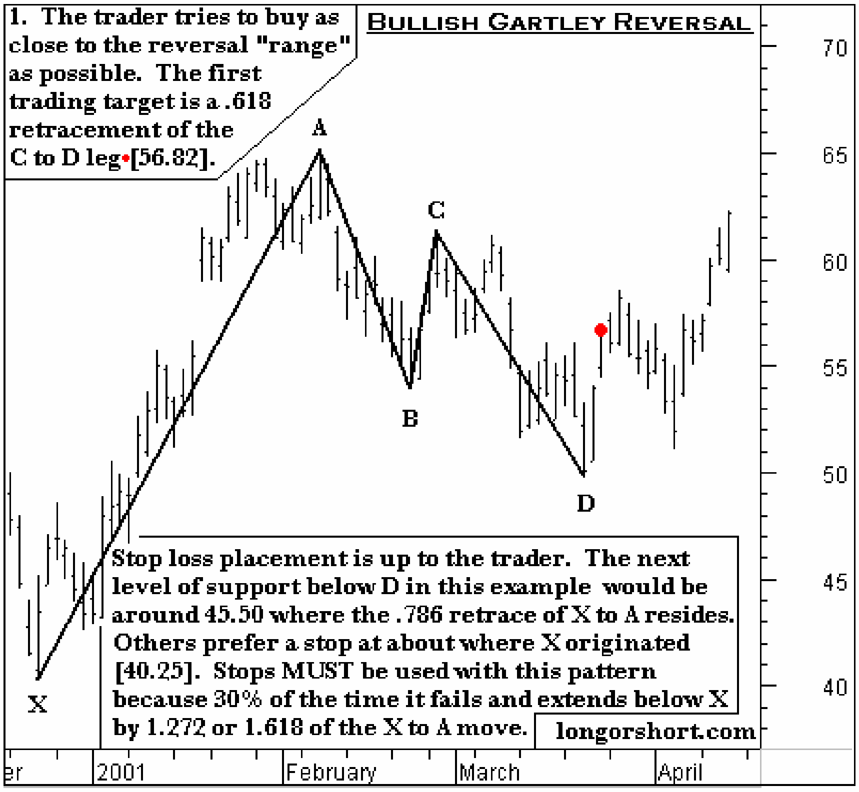
1. The trader tries to buy as close to the reversal "range" as possible. The first trading target is a .618 retracement of the C to D leg [56.82].
BULLISH GARTLEY REVERSAL
A
C
B
D
X
Stop loss placement is up to the trader. The next level of support below D in this example would be around 45.50 where the .786 retrace of X to A resides. Others prefer a stop at about where X originated [40.25]. Stops MUST be used with this pattern because 30% of the time it fails and extends below X by 1.272 or 1.618 of the X to A move.
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70
65
60
55
50
45
40
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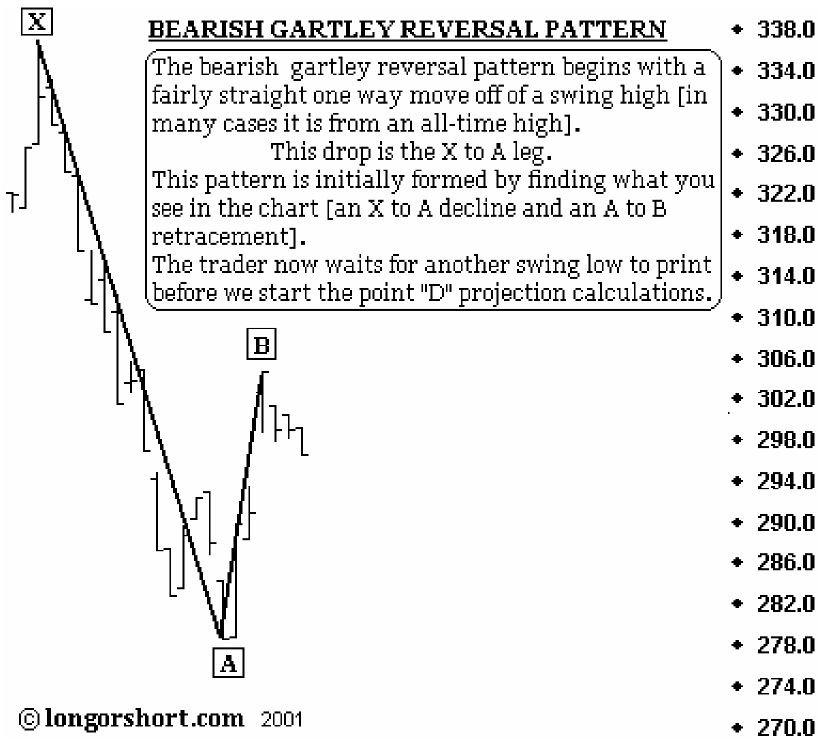
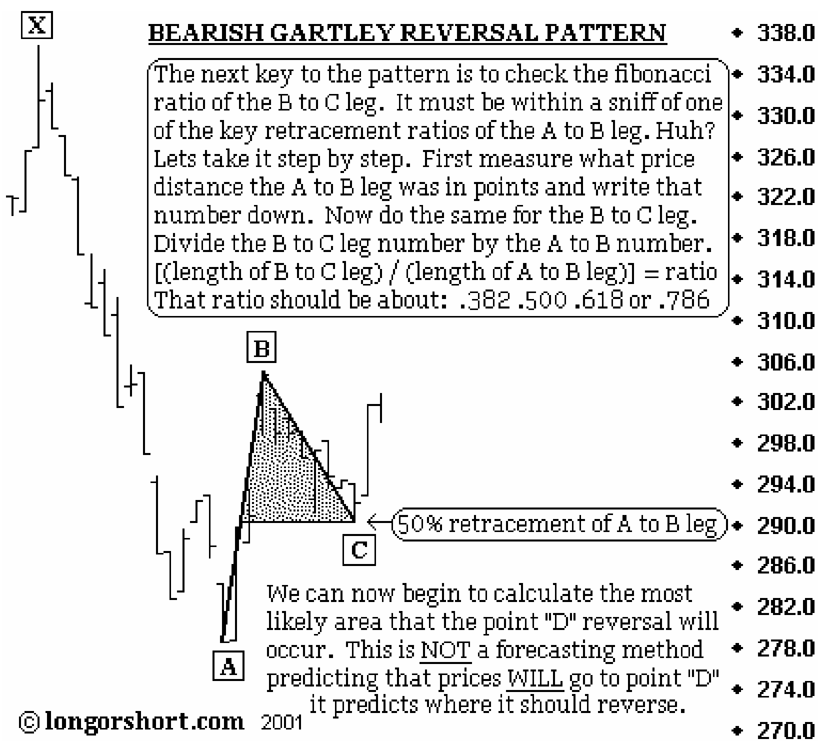
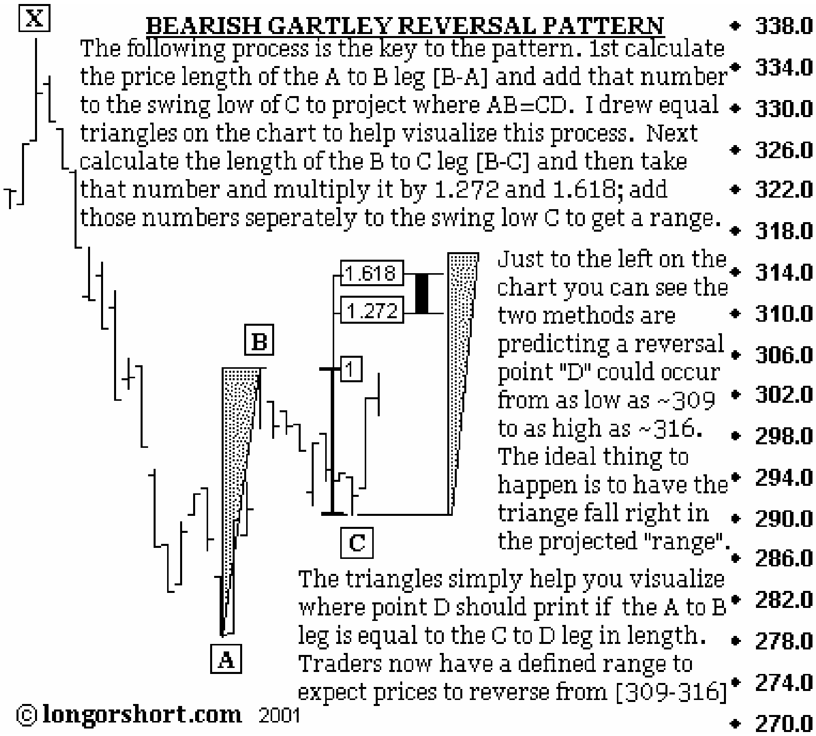
March
April

Bearish Gartley Reversal Pattern






X
BEARISH GARTLEY REVERSAL PATTERN
The following process is the key to the pattern. 1st calculate the price length of the A to B leg [B-A] and add that number to the swing low of C to project where AB=CD. I drew equal triangles on the chart to help visualize this process. Next calculate the length of the B to C leg [B-C] and then take that number and multiply it by 1.272 and 1.618; add those numbers seperately to the swing low C to get a range.
1.618
1.272
1
B
C
A
Just to the left on the chart you can see the two methods are predicting a reversal point "D" could occur from as low as ~309 to as high as ~316. The ideal thing to happen is to have the triange fall right in the projected "range".
The triangles simply help you visualize where point D should print if the A to B leg is equal to the C to D leg in length. Traders now have a defined range to expect prices to reverse from [309-316]
338.0
334.0
330.0
326.0
322.0
318.0
314.0
310.0
306.0
302.0
298.0
294.0
290.0
286.0
282.0
278.0
274.0
270.0
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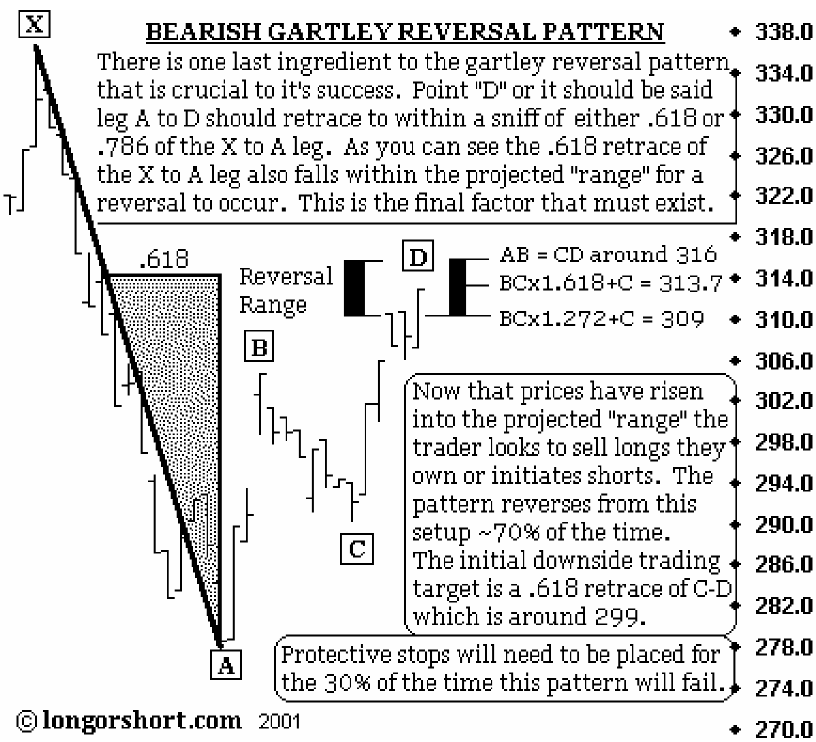
X
BEARISH GARTLEY REVERSAL PATTERN
There is one last ingredient to the gartley reversal pattern that is crucial to it's success. Point "D" or it should be said leg A to D should retrace to within a sniff of either .618 or .786 of the X to A leg. As you can see the .618 retrace of the X to A leg also falls within the projected "range" for a reversal to occur. This is the final factor that must exist.
.618
Reversal Range
D
AB = CD around 316
BCx1.618+C = 313.7
BCx1.272+C = 309
B
C
A
Now that prices have risen into the projected "range" the trader looks to sell longs they own or initiates shorts. The pattern reverses from this setup ~70% of the time. The initial downside trading target is a .618 retrace of C-D which is around 299.
Protective stops will need to be placed for the 30% of the time this pattern will fail.
338.0
334.0
330.0
326.0
322.0
318.0
314.0
310.0
306.0
302.0
298.0
294.0
290.0
286.0
282.0
278.0
274.0
270.0
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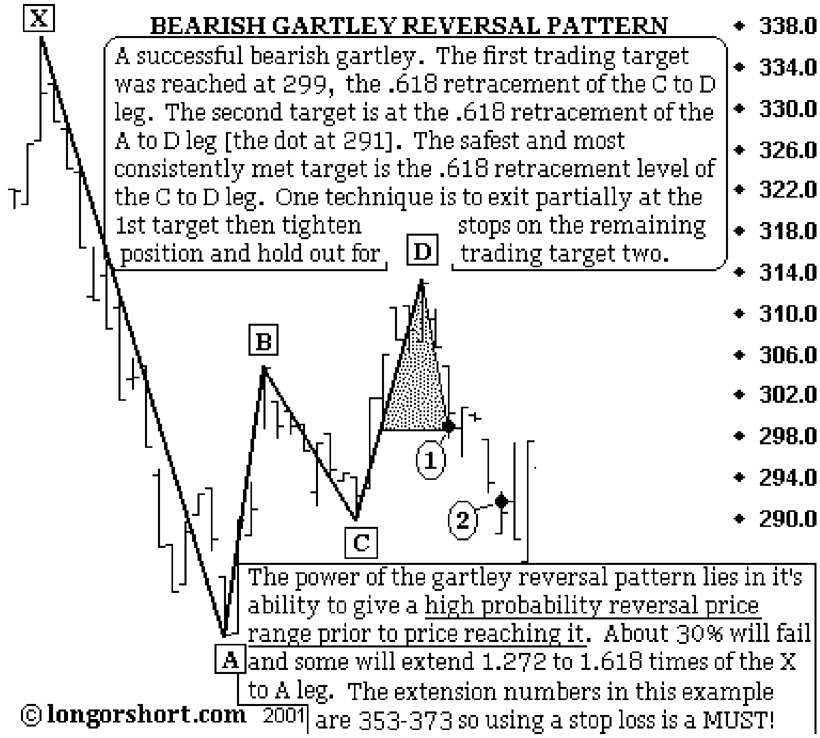
BEARISH GARTLEY REVERSAL PATTERN
A successful bearish gartley. The first trading target was reached at 299, the .618 retracement of the C to D leg. The second target is at the .618 retracement of the A to D leg [the dot at 291]. The safest and most consistently met target is the .618 retracement level of the C to D leg. One technique is to exit partially at the 1st target then tighten stops on the remaining position and hold out for trading target two.
X
A
B
C
D
1
2
338.0
334.0
330.0
326.0
322.0
318.0
314.0
310.0
306.0
302.0
298.0
294.0
290.0
The power of the gartley reversal pattern lies in it's ability to give a high probability reversal price range prior to price reaching it. About 30% will fail and some will extend 1.272 to 1.618 times of the X to A leg. The extension numbers in this example are 353-373 so using a stop loss is a MUST!
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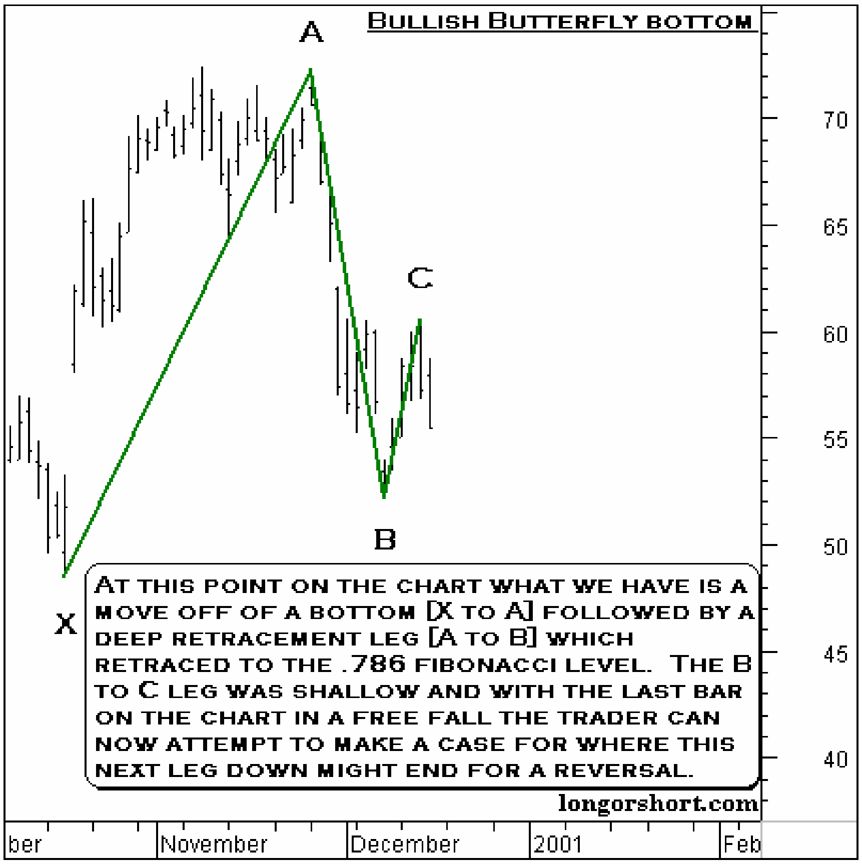
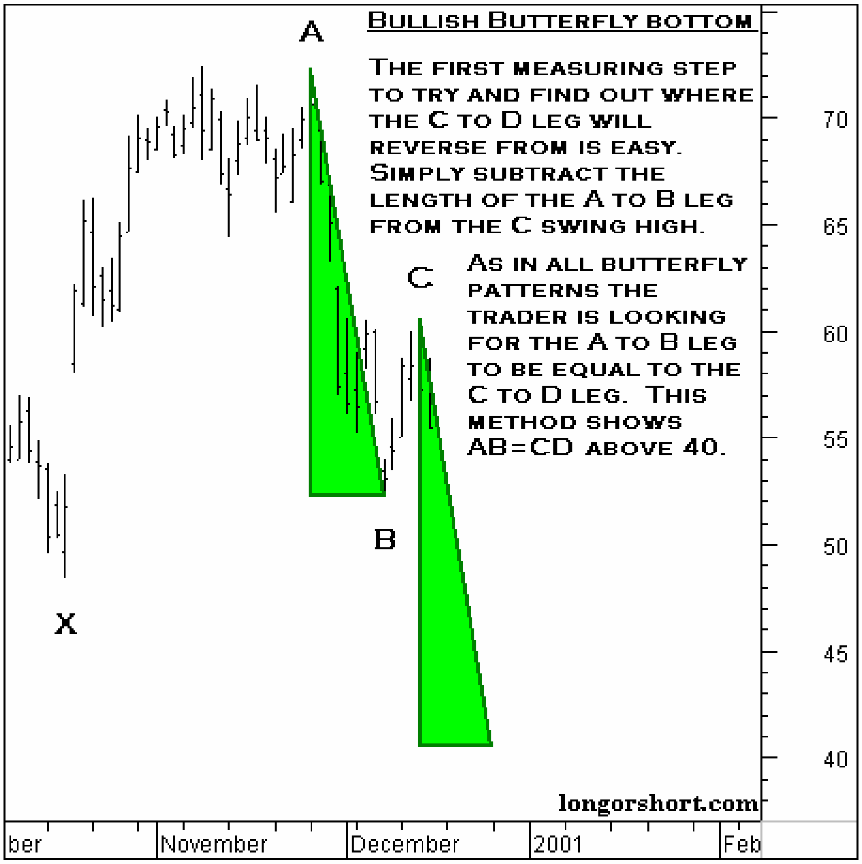
Bullish Butterfly Reversal Pattern




Bullish Butterfly bottom
The first measuring step to try and find out where the C to D leg will reverse from is easy. Simply subtract the length of the A to B leg from the C swing high.
As in all butterfly patterns the trader is looking for the A to B leg to be equal to the C to D leg. This method shows AB=CD above 40.
A
B
C
X
70
65
60
55
50
45
40
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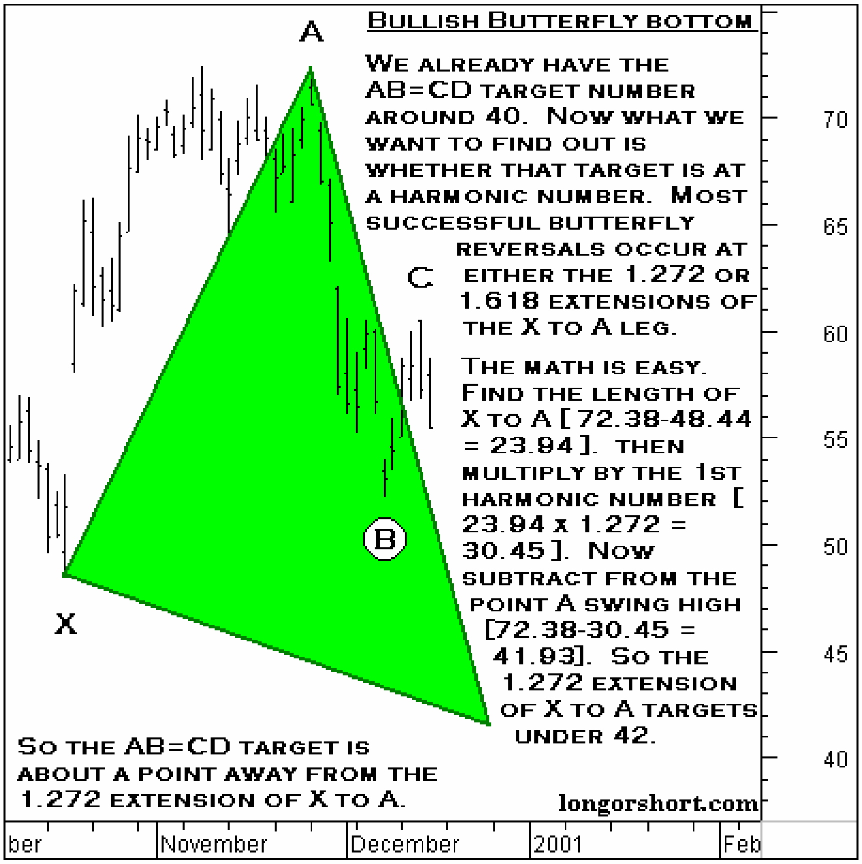

Bullish Butterfly bottom
A
C
B
X
We already have the AB=CD target number around 40. Now what we want to find out is whether that target is at a harmonic number. Most successful butterfly reversals occur at either the 1.272 or 1.618 extensions of the X to A leg.
The math is easy. Find the length of X to A [72.38-48.44 = 23.94]. then multiply by the 1st harmonic number [23.94 x 1.272 = 30.45]. Now subtract from the point A swing high [72.38-30.45 = 41.93]. So the 1.272 extension of X to A targets under 42.
So the AB=CD target is about a point away from the 1.272 extension of X to A.
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70
65
60
55
50
45
40
ber
November
December
2001
Feb


A
Prices decline into the buy zone and in the process forms a bullish butterfly bottom. The chart is harmonic at the 1.272 extension of X to A and AB=CD.
For traders who get long from the buy zone the first trading target to take profits at is the .618 retracement of the C to D leg.
C
B
X
D
.618 retrace of C to D
Buy Zone
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70
65
60
55
50
45
40
9
16
23
30
6
13
20
27
4
11
18
26
8
16
22
29
ber
November
December
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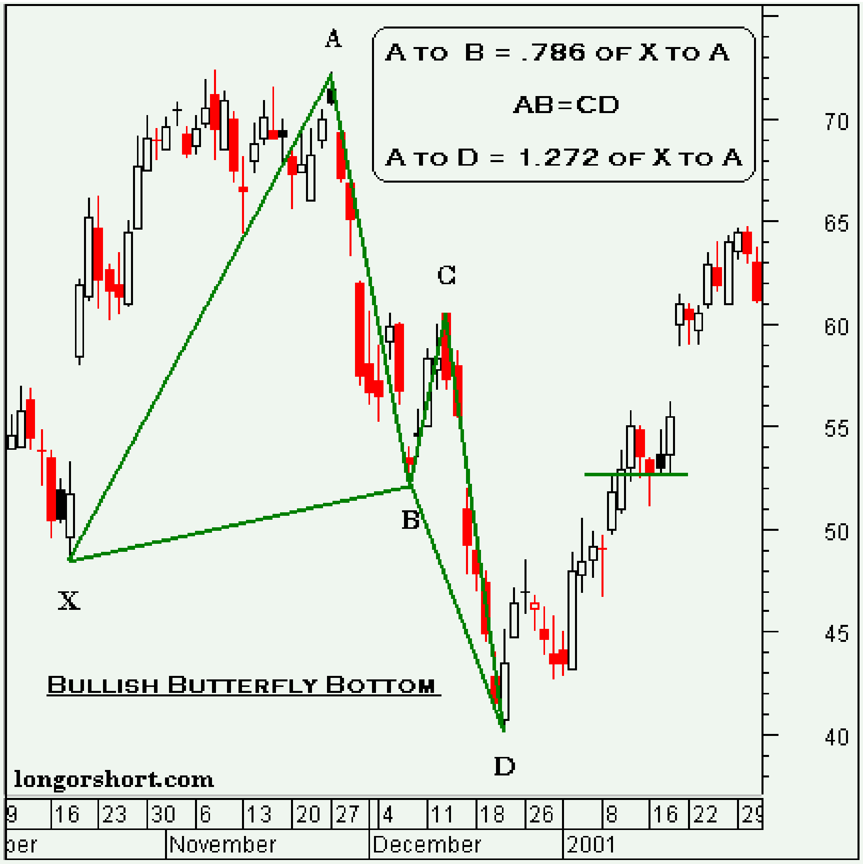
A TO B = .786 OF X TO A
AB=CD
A TO D = 1.272 OF X TO A
A
B
C
D
X
BULLISH BUTTERFLY BOTTOM
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70
65
60
55
50
45
40
9
16
23
30
6
13
20
27
4
11
18
26
8
16
22
29
ber
November
December
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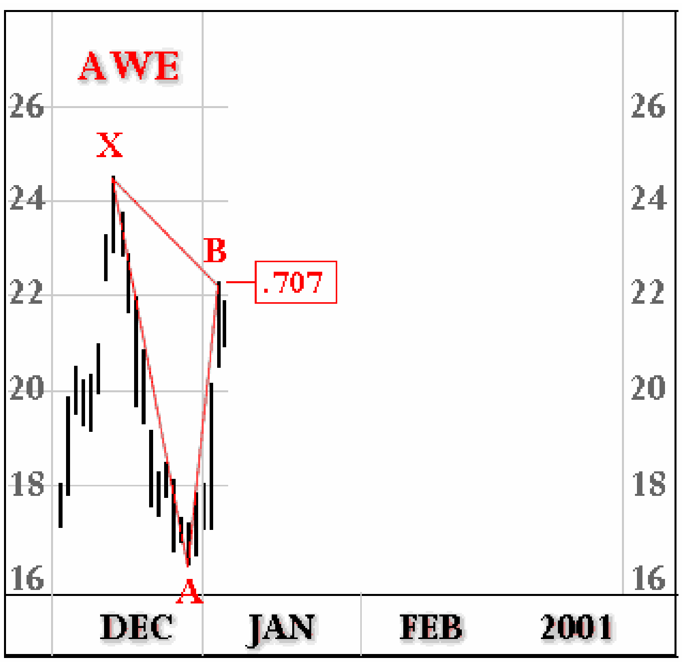
AWE
X
A
B
.707
26
24
22
20
18
16
DEC
JAN
FEB
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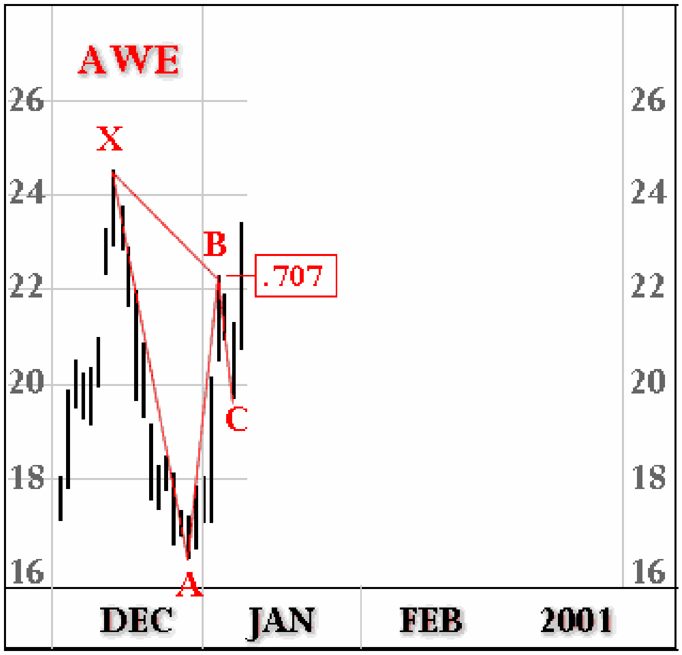
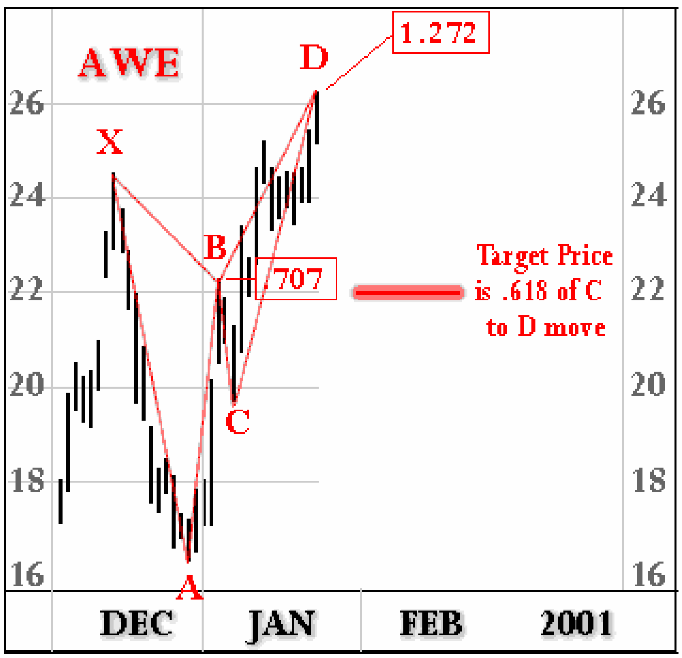

AWE
X
B
.707
C
A
26
24
22
20
18
16
DEC
JAN
FEB
2001


AWE
D
1.272
X
B
.707
C
A
Target Price
is .618 of C
to D move
26
24
22
20
18
16
DEC
JAN
FEB
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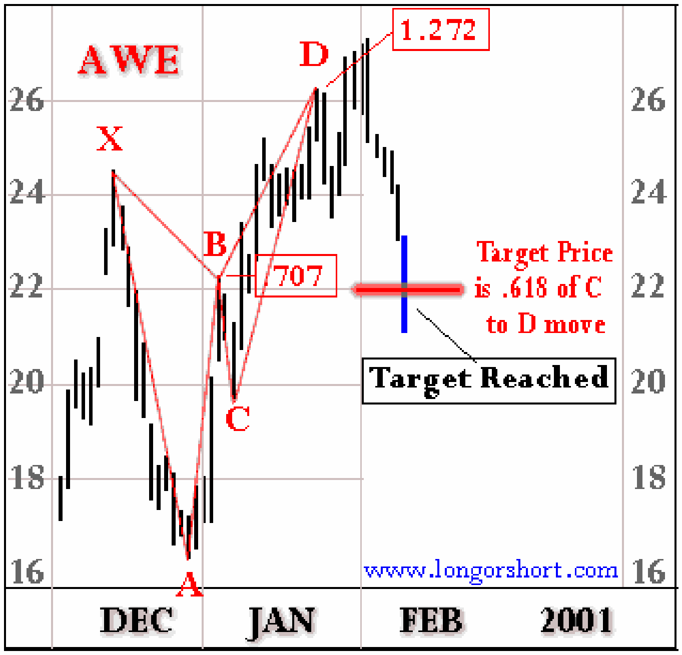
AWE
X
A
B
C
D
.707
1.272
Target Price is .618 of C to D move
Target Reached
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26
24
22
20
18
16
DEC
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