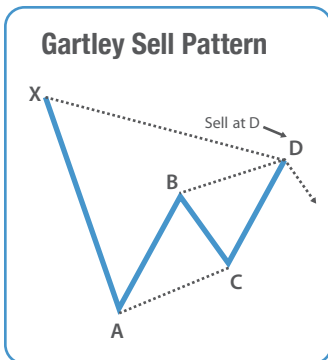


## The Bearish Gartley Pattern



### What is it?

- A visual, geometric price/time pattern comprised of four consecutive price swings, or trends—it looks like a “W” on price chart
- Contains a bearish ABCD pattern preceded by a significant high (X)
- A leading indicator that may help determine where and/or when to enter a short (sell) position, or exit a long (buy) position
- First introduced in 1935 by trader H.M. Gartley in his book, *Profits in the Stock Market*

### Why is it important?

- May help identify potentially higher-probability selling opportunities in nearly any market and in nearly any timeframe (intraday, swing, position)
- Reflects the convergence of a Fibonacci retracement and extension levels at point D, suggesting a potentially stronger level of resistance, thus higher probability for market reversal
  - X to A ideally moves in the direction of the overall trend. The move from A to D typically indicates a short-term correction of the established downtrend
- May provide a more favorable risk vs. reward ratio, especially when trading with the overall trend

### Sounds good ... So how do I find it?

For this pattern to be valid, each turning point (X, A, B, C, and D) should represent a significant high or significant low on a price chart. These turning points define the four consecutive price swings, or trends, which make up each of the four pattern “legs.” These are referred to as the XA leg, the AB leg, the BC leg, and the CD leg.

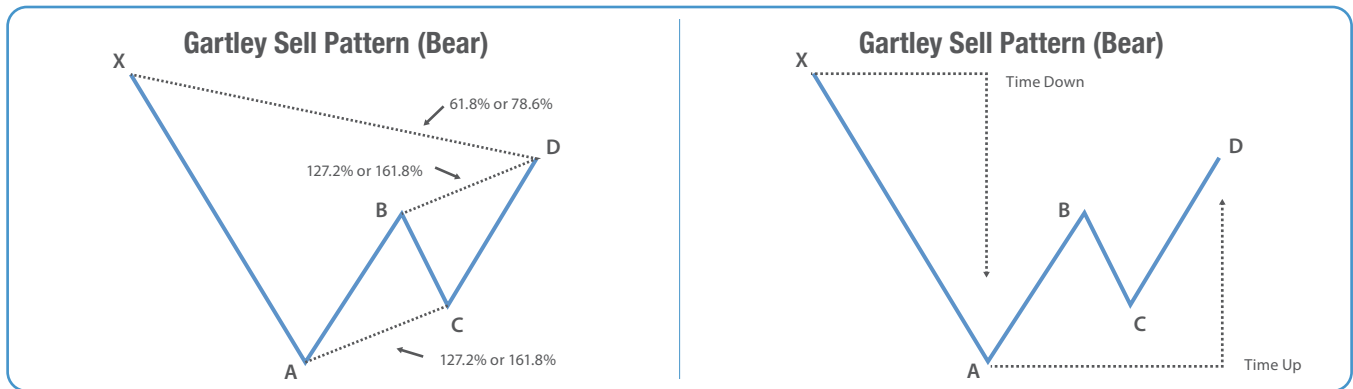


# The Bearish Gartley Pattern (cont'd)

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## Bearish Gartley Pattern Rules (potential sell at point D)

- Swing from A to D ideally will be a 61.8% or 78.6% retracement of XA
  - Note: A valid ABCD pattern must be observed in the move from A to D
- Ideally, the time from point XA and AD should be in ratio and proportion
  - Time of AD is typically between 61.8% – 161.8% of XA
- In limited instances, the ABCD move may complete at 100% of XA (double top)
  - In this case, the time of XA and AD should be equal for a “true” double top
- Pattern failure (e.g., the price moves beyond point X) indicates a potentially strong bearish continuation may be in progress
  - In this case, the price may move up to at least 127.2% or 161.8% of XA

### Example 1: USD/CAD, 15min



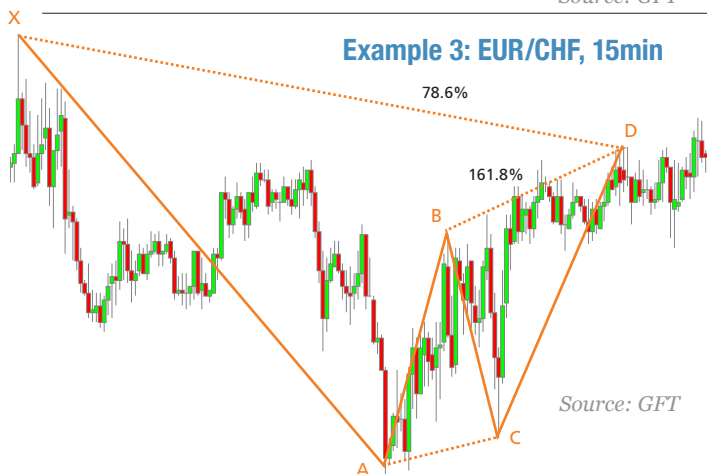
Source: GFT

### Example 2: USD/CAD, Daily



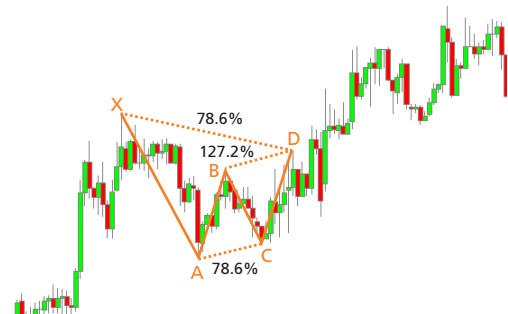
Source: GFT

### Example 3: EUR/CHF, 15min



Source: GFT

### Example 4: GBP/USD, 30min



Source: GFT

IMPORTANT NOTE: Trading foreign exchange on margin carries a high level of risk, and may not be suitable for all investors. The high degree of leverage can work against you as well as for you. Before deciding to trade foreign exchange you should carefully consider your investment objectives, level of experience, and risk appetite. The possibility exists that you could sustain a loss of some or all of your initial investment and therefore you should not invest money that you cannot afford to lose. You should be aware of all the risks associated with foreign exchange trading, and seek advice from an independent financial advisor if you have any doubts. Past performance is not necessarily indicative of future results. CD04U.052.030509