Bullish and Bearish Hidden Divergence

*Forty Third session of Forex Training*

Welcome back to Forex professional training in *financial markets*.

In this session Bullish and Bearish *Hidden Divergence* will be studied.

**Hidden Divergence**

One of the most significant issues that traders do not consider is Hidden *Divergence*.

Hidden Divergence is formed agreeing with a market trend, thus it indicates a suitable price to place an order.

Unlike Divergence and *Convergence*, it is recommended that trader places an order based on Hidden Divergence.

Even after multiple practices it would be hard to detect Hidden Divergence in a *chart*, hence most of the traders do not exploit it.
Hidden Divergence in a Bullish trend: If a recent valley is higher than an earlier valley in a market trend, and a recent valley is lower than an earlier valley in an Oscillator, then a Hidden Divergence on a Bullish trend has formed.

Hidden Divergence in Bearish trend: If a recent peak is lower than an earlier peak in a market trend, and a recent peak is higher than an earlier peak in an Oscillator, then a Hidden Divergence on a Bearish trend has formed.

MACD, RSI and AO are the best oscillators to detect a Hidden Divergence on a market trend.

Trader can download customized AO from PForex.com, which is enhanced for higher utility.
Traders can insert AO, Awesome Oscillator, from Bill Williams’ option of the **Indicator** menu.

Trader can insert **level 0** from AO properties window.

For example, there are some peaks over level 0 on AO chart with equivalent market **trend peak**.

If peaks are connected by a Trendline, line on a market chart has a descending slope, while line on AO chart has an upward direction.

Thus a Hidden Divergence has formed on this region, which indicates after each peak on a downtrend, market has gathered enough potential for further **downward trend**.

Another example of a Hidden Divergence on a Bullish trend. The **valleys** of the market and AO trends are connected with Trendline.

Trendline has an **upward direction** in the market, while Trendline on AO chart has a decreasing slope.
This Hidden Divergence confirmed more **upward trend** after it has formed.

On this uptrend after short declines, a powerful potential for an ascending trend has formed.

Another Hidden Divergence just before this example has formed, too.

In spite of the fact that it is difficult to detect a Hidden Divergence, it shows a **great opportunity** for a successful order.

These examples were drawn by hand, however, the customized AO available on [PForex.com](http://PForex.com) draws all Hidden Divergence automatically.

Trader can change the timeframe to identify more Hidden Divergence on a **market**.

For example, there was a very **good spot** to place an order which was hard to identify for a trader.

Another example on a wide range, a Hidden Divergence has formed which could not have been detected if customized AO was not used.
On the **Gold chart**, from 2001 to 2014 a Hidden Divergence has formed that is drawn automatically by customized AO.

More examples can be studied to develop the ability to detect Hidden Divergence on a market.

Traders can combine Hidden Divergence with other **patterns** and conditions to detect appropriate points.

There are some useful remarks for traders:

- Some reversal patterns, such as **Head and Shoulder**, **Double Top** and Bottom, **Triple Top** and Bottom or a **Wedge**, can confirm a Hidden Divergence to place a successful order.

  - **Overbought** and Oversold can confirm the preferred order derived from a Hidden Divergence.
  - Hidden Divergence confirms that trader must place the order which has agreeing **direction** with market trend.
  - If there is a short **reversal swing** on a long trend, Hidden Divergence can be exploited to detect points for placing orders with agreeing direction with the long trend.
• Continuation **candles** can confirm the Hidden Divergence signals.
• **Fibonacci** pattern can be exploited to derive confirmation on Hidden Divergence signals.
• Support and resistance lines can be exploited to obtain confirmation on Hidden Divergence **signals**.

That concludes this session, until next time and another session take care.

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