Gold Trend Analysis Applying Price Action

Fifty First session of Forex Training

Welcome back to Forex professional training in financial markets.

In this session Gold trend analysis applying Price Action will be studied.

Gold trend analysis by Price Action

Trader can place 3 charts of Gold next to each other with a Monthly timeframe.

On the first chart trader can attach Moving Average to the market price.

On the second chart, second template can be applied so that is set to detect Andrew’s Pitchfork patterns.

On the third chart, the third template is utilized that includes indicators such as RSI, CCI and AO.

On the first chart, support and resistance lines can be added. A support line can be added on this trend.

Thinner line would be beneficial when a trader wants to add several lines on a chart.

This support is drawn on a Monthly timeframe, thus it has a significant power on trend movement.

Due to a sharp slope there is not any other support line. A resistance
line can be placed on the downward slope.

Trader should not place any trivial patterns or lines on the chart.

It is recommended that traders add description to each line they place on the chart so that they would figure out the line information and the purpose of drawing certain lines.

For example, “S M” can be written in Description field which stands for “Support/ Monthly”.

“R M” can be entered on Description field of resistance line. Whenever the mouse goes over each line, the description would be displayed.

There is another line which has supportive/resistant manner depending on the selected timeframe, so that it can be described as “R M” on this timeframe.

Next step, levels that have important effects on market trend can be determined.

On this level, trend has reacted this level four times. The most recent
reactions of the **market price** have more importance than earlier ones.

On the description field, trader can enter “L M”.

Trader can hold CTRL button of their keyboard while double clicking on the level to duplicate **the level**.

The duplicated level can be relocated on to another **price fluctuation**.

Next level and next level, however, it is better to draw those levels that are closer to the latest **market price**.

The number of **oscillation** on that level does matter. Price has hit this level five times. Trend reacted to this line four times.

On the next step, trader can draw the most significant patterns, such as **Fibonacci**.

After attaching this pattern, trader can remove the negligible **levels**.

On this region, a **Pennant** pattern has been formed that showed TP price on level H.
Thus, this pattern showed a valid Buy signal.

By relocating the **Fibonacci** pattern, another pattern can be found that had the correct Buy signal.

There is not any other Bullish pattern on the uptrend, so Fibonacci can be modified to understand that if there is any **reversal point**.

A region can be marked on 61.8% by placing a Box. Trader can enter “61.8 F M”, in which F stands for Flag of the Fibonacci pattern.

M stands for Monthly timeframe.

If the price forms in this box then a flag of Fibonacci is failed and a **Bullish trend** will be weakened for a certain period of time.

On this region, there is a powerful level as well as a strong support line.

Thus the area around the price of 1172 would have a considerable influence on the **market trend**.

Another region on the level 76.4% of a Monthly Swing or **Flag** in
addition to a Monthly level. Fibonacci level is accompanied by an important level.

Price has passed level 50% so the remaining levels have to be considered thoroughly. Trader can place another Fibonacci on a bigger trend.

Those regions with more confirmations would require utter regard.

For instance, on the level 38.2% of the bigger Fibonacci has overlapped the level 50% of a smaller Fibonacci, thus, this level was an important region that traders must consider carefully.

Drawing patterns on the most recent trend would be more beneficial rather than earlier trends.

The Moving Average values are 50,100 and 200.

Price could not cross line 50 completely towards the top, and the next region has the level of 61.8% Fibonacci as well as a powerful level and Moving Average line 100.

The next presumptive level has a Moving Average line 200 plus another powerful level and 76.4% of Fibonacci pattern.
Now a downward trend can be analysed so Fibonacci pattern can be relocated in a **Bearish format**.

There is a Double Top with a neckline on level 0% of Fibonacci. Trend has declined to H/2 after it crossed the **breakout point**.

It is assumed that the price will touch H in the future. So another **confirmation** can be cited in a description field of the first box.

H stands for height, while DT means **Double Top**. This region becomes more powerful.

Another pattern on this trend is Pennant.

It is better to place a box on 61.8% of Fibonacci which will show powerful influence on the **market trend** whenever price proceeds towards this level.

So “61.8 F M” and “L M” can be entered in the Description field.
F means Fibonacci flag and L stands for level. Price could not cross the 38.2% of Fibonacci.

If the price returns to 0% level without passing level 38.2%, then the price would reach level H/2.

A Breakout line of the Pennant pattern can be drawn on valleys, however, it may have 6 pivot points so there would be more fluctuation.

If a line 1181 is crossed, then the price will decline towards H/2.

If the price rises towards 61.8% of Fibonacci, it will return towards the bottom until level M price becomes 1018.

TP price can be placed on H/2 Fibonacci, thus, trader can enter “H/2 P M”.

P stands for Pennant pattern. Maybe Gold cannot reach this price, yet chart shows us that 1018 can be met through Technical analysis.

Like Oil price that hit 32 after it had touched 147, Gold price can
reduce to this value, too.

The **patterns** and levels far from this level can be ignored.

Another downtrend can be checked by Fibonacci pattern in which a **Triangle** pattern has been formed.

If level 0% of Fibonacci is presumed as a breakout line of this Bearish Triangle, then TP would be on level H/2 of the recent Fibonacci or level H that is near an important region.

Trader can add “H T M” in the description field, in which T stands for **Triangle pattern**.

Close significant points can be determined as one point. All important **patterns**, levels and points are considered.

A **Double Bottom** may be formed in this region, thus level H/2 overlaps the important region box.

“H/2 D B M ??” can be added to description, in which “??” shows that this pattern is not formed yet.
Another description on **future pattern** can be modified by adding “??”.

If the pattern fails, trader can remove its data from the description fields. So both directions are considered and detected for more **reliable analysis**.

The last trend can be checked, however, trader cannot find any pattern due to a lack of waves and fluctuation. Thus it can be checked in a shorter time span.

Now candlestick can be detected on the chart too. A **Dark cloud** is formed in this region.

High over previous High and Open price above Close price of previous **candle**.

A Sell order can be placed with 1000 pips lower than the **Close price** of the Dark cloud candle.

If a trader has already placed a **Sell order**, then TP price could be around the support line and an important region.
Trader should detect the recent **candles**.

The Dark Cloud shows that price will decline to 1157 and it is a **good opportunity** for those traders who speculate a downward trend.

In this chart all important **patterns**, support, resistance and candles of both sides are studied thoroughly.

Andrew’s Pitchfork can be utilised to analyse the market trend. The 3 **pivots** can be selected. Trigger line can be drawn via Trendline.

**Trigger line** is a dynamic support resistance.

This line resists against the price increment in this spot. After the Trigger line had been crossed, it becomes a support line for an **uptrend**.

Maybe price touches this line again, so it may affect the trend as a support or a **resistance line**.

For more accurate location of **Andrew’s Pitchfork** points, trader must select a shorter timeframe.
We have already discussed **Andrew’s Pitchfork** in the earlier sessions.

It is recommended to change its Visualization properties to see this pattern only on Monthly and Weekly timeframe.

There is not any more **Andrew’s Pitchfork** pattern yet.

Fibonacci pattern shows that the price is still under the level 38.2%, thus, this point would be the desired 3\textsuperscript{rd} **pivot point**.

On an Indicator chart, AO shows that a **hidden Divergence** is formed.

CCI is near -100, the first touch of -100 had been on this spot followed by a **downward trend**.

**Oversold** condition did not happen yet, just like in this region, thus, further decrease is still probable.

**RSI** does not show any significant signal.

Now trader can analyse in a Weekly timeframe.
On the first chart, trader must consider all possible patterns, levels, **candles**, support and resistance lines in the latest timeframes.

Previous **trends** movements are not as important as the latest trends.

Levels and support and resistance lines that are close to the **market price** should be drawn.

There is a level with several hits, the Visualization of which can be modified by a trader to Daily and shorter timeframes until H1.

There is a support line on these waves, which is considered a supportive line regarding that main **upward trend**, thus, on description field “S W” can be entered.

The level 1182 is confirmed on this timeframe, too. A Triangle pattern was already drawn in the Monthly timeframe.

Last trend can be analysed through the Fibonacci pattern. An **Engulfing** candlestick has formed on the last peak, its length is 755 pips.

Trader could place a **Sell order** below this candle with SL price 755 pips lower than the entry price, around level 76.4% of Fibonacci.

Price has already decreased to 1269, thus, it is assumed that price will fall towards 1231.

Price did not touch level 61.8%, however, another sharp decline would be probable due to **fluctuations** on level 50%.

Trader can place a Box under level 61.8% with the description “61.8 F W” available on W1, D1 and H4 **timeframes**.

Despite of this level, it is more probable that the price would fall to level 76.4%. 
A box under this level with description “76.4 F M + H CANDLE W” active on W1, D1 and H4.

If the price goes **upward** it will reach 1447, in which there is a significant region between 1447 and 1431.

A Box can be placed on M so its description can be “M F W” which means level M of Fibonacci Flag in Weekly timeframe.

It can be visible on Weekly, Daily, H4 and H1 timeframes.

This presumption can become invalid so trader can enter some **question marks** in its description field.

After considering the **last wave**, trader can relocate Fibonacci on the last trend.

There is a Pennant pattern with a pole as well as a Triangle pattern at the end.

The upper Trendline connects **peaks**.
Trader must connect valleys by a Trendline to identify **breakout point**. Fibonacci pattern can be relocated to specify TP price.

Level H/2 of Fibonacci that determines first TP price overlaps on the Box, thus “H/2 P W” can be added to its description.

Next TP price with H **pips** is near another box. So “H P W” can be written in the description field.

Confirmation **signals** are increasing, so trader should cite all data in description box.

If a trader considers the Triangle pattern only, then TP and SL prices are detected.

Another data can be attached to the description of Boxes that overlap TP **prices**. “H/2 T W” in the first box and “H T W” in the second box.

The boxes with more confirmation **signals** can be marked by changing their colours to specify the higher importance level.

There is not any other pattern on this **last trend**.
There are Engulfing and Dark Cloud candles that show probable price decrease to 1233.

The range and claim market shows that traders are waiting for major news or an event.

The TP price in the Triangle pattern would be 640 pips lower than the breakout point.

Now, weekly timeframe of the second chart. There is a Bearish Andrew’s Pitchfork on the most recent trends.

Price does not move considerably in the latest weeks, but if a trader considers the last wave he/she will understand that price has returned to level 38.2% of Fibonacci pattern, thus, a further decline is more probable.

Trigger line can be drawn on this pattern. This line can be considered as a powerful dynamic support/resistance line.
On the 3\textsuperscript{rd} chart which has \textbf{indicators}, it can be observed that CCI is close to the level -100 so if this line is touched, the market price would decline.

Trendline can be placed under valleys of the last trend in \textbf{RSI}.

There is no break on RSI, thus, a trader cannot derive any signal from this indicator.

AO does not show any \textbf{Divergence} or Hidden Divergence on the latest trends.

The daily timeframe of the first chart shows the depicted patterns and lines. All \textbf{patterns} and lines of the latest wave are available.

Triangle pattern is more obvious on this timeframe.

The range market shows that traders are expecting a \textbf{key news} or an event to place an order on a desired direction.

The only remaining matter on this trend can be specified by drawing a Fibonacci on it.
Thus, a Box can be placed on level 61.8% with “61.8 F D” in its description. The colour should be changed to a normal green.

A dynamic support/resistance level can be drawn on this important price, also description should be entered, “L D”.

Another level can be placed on this price, too.

Due to a range market, there is no significant support or resistance lines or level on the most recent trend.

There would not be any remarkable candlestick on a range market, like the last trend on this chart.

Andrew’s Pitchfork of the second chart can be relocated more precisely on a Daily timeframe.

There is a Bullish Andrew’s Pitchfork on the latest trend, its visibility properties should be modified.

Since the price has crossed the 3rd pivot line, only a Sell signal would be valid.
Trendline is placed to determine a **Trigger line** which is not crossed by price yet.

If the price passes Trigger line then it would proceed towards TP points on the 3\(^{rd}\) and the 1\(^{st}\) **pivots**.

On a Daily timeframe of the 3\(^{rd}\) chart, the latest trends shows that the price is in a **Bollinger Band** and Moving Average lines are relocating their correct places.

If the price crosses line 50 towards the bottom, and line 50 falls lower than line 100, then a Bearish trend can continue towards the bottom.

CCI is near level -100 and RSI is close to break its **Trendline**.

On an H4 timeframe of the 1\(^{st}\) chart indicates the mentioned **patterns** and lines due to the range market being between 1300 and 1288 so there are no important **candlestick**, pattern or lines.

On the 2\(^{nd}\) chart, there is the same condition. Only a Bullish Andrew’s Pitchfork can be placed, in which the 3\(^{rd}\) **pivot** is not formed yet.
The Trigger line would be this Trendline. Its visibility can be set on H4.

So price breaks 1283 towards the bottom, then a trader can place a Sell order.

On the 3rd chart, with H4 timeframe, CCI and AO do not display any signal.

After all the analysis, trader can save the charts with a certain name for future retrieve.

This profile includes 3 charts and all their properties.

To sum up, on the 1st chart with a Monthly timeframe, there are Buy entry prices on 1154, 1054 and 977, while entry price of a Sell order would be 1557.

On a Weekly time frame, the entry price of other Buy and Sell orders can be determined.

Using the 3 charts trader can analyse any symbol thoroughly.

It is strongly recommended that traders start the analysis on the Monthly timeframe and work their way to shorter timeframes.

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

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