

The Andrews Pitchfork or the Median Line method is basically a trend line system, used in a trending market to visually calculate a target. It is a study of trend lines consisting of three parallel lines, which give the appearance of a Pitchfork.

According to Andrews, the purpose of the median line is to determine the trend. The most important part of this concept is that prices typically make it to the median line 80% of the time.

Prices typically head in the direction of the median line and in a strong market touch the far parallel line. The developing trend should be contained within the upper and lower lines.

That by itself is a powerful factor, that you can visually see where prices would most likely go.

The Regular APF

The method for drawing the Andrews Pitchfork is fairly simple.

In an uptrend, we wait for the price to make a retracement. The concept is to enter on a pullback of the trend.

We identify point 2 as the highest high before the retracement started and Point 3 as the lowest point of that retracement. We join these 2 points, and this forms the first part of the APF.

We then look for a swing low to use as Point 1. We draw a trend line from Point 1 exactly thru the middle of the 2-3 line. In other words it bisects the 2-3 line. This is the important line, also known as the Median line.

And then we draw 2 lines parallel to this, from points 2 & 3.

This completes the Pitchfork.

The 3 lines are the Upper Median Line (UML), the Middle Median Line (MML) & the Lower Median Line (LML)



The Advanced APF

An Andrews Pitchfork can also be used in a different way to determine the momentum of price action.

Price always moves in measured channels, and the APF becomes the most effective tool to determine the extent of the anticipated moves, and subsequently to determine if the underlying momentum is changing.

The difference here is that we align the lines of the APF to a trend line, to determine the extent of the measured move.

Hence we first plot a trend line in an existing trend and use that as the base to plot the advanced APF.

In a downtrend we first plot a trend line connecting the lowering highs.

- We first plot the Point 1 of the APF in space, so we can shift the alignment of the APF by adjusting this Point.
- Point 2 of the APF is plotted on the high of the bar from where we started the trend line from.
- Point 3 of the APF is plotted on the lowest low between the 2 lowering highs of the trend line.
- Now we adjust the Point 1 of the APF in such a way that the Upper Median Line (UML) of the APF is aligned exactly to the trend line.

This gives us the “measured move” target of the anticipated price move to the downside, which is the Lower Median Line (LML)



The second characteristic of this technique is that we can estimate the momentum of the price movement.

If price breaks the LML, then we can conclude that the momentum is still strong towards the down side, and we can further plot the APF for the subsequent moves. In case price movement does not reach the LML, then it shows that the underlying momentum is shifting and we can anticipate a change to the upside.

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The second method of using the APF in a different way is to determine the entry for a regular divergence.

Taking the following example of the Regular bullish divergence, we first identify the D1-D2-D3 points of the divergence.

The first step is to plot a line along the lows of the divergence points D1-D3.

I call this the divergence line which by itself gives clues about the alignment of price movement.

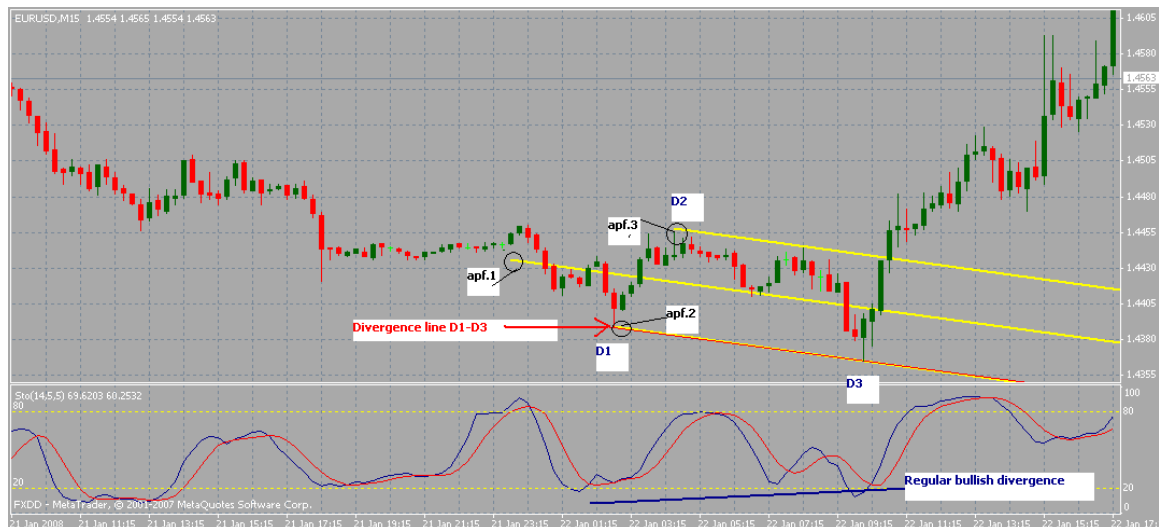
We then plot the APF in the following manner –

We first plot the Point 1 of the APF in space, so we can shift the alignment of the APF by adjusting this Point.

Point 2 of the APF is plotted on D1, and point 3 of the APF is plotted on D3

Now we adjust the Point 1 of the APF in such a way that the Lower Median Line (LML) of the APF is aligned exactly to the divergence line (D1-D3).

Thus the break of the Upper Median Line (UML) is considered to be a safe entry into the expected uptrend.



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