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Instruction (Manual) Document

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Quick Guideline for Harmonic Pattern Plus for Starter

Overview about Harmonic Pattern Plus

Harmonic Pattern Plus was evolved many years incorporating experiences and requests of many different traders. As a result, Harmonic Pattern Plus contains many different feature and functionality. As your skills improve with Harmonic Pattern Trading, you will be glad that Harmonic Pattern Plus has those feature and functionality to assist your trading. Obviously there are clear reasons for the presence of those feature and functionality for professional traders.

Having said that those are important feature and functionality, it is important to remember that you don't have to use all of feature and functionality at the same time. You will like to use some feature and functionality depending on your experience. You will switch off rest of feature and functionality because those unused part can make your chart really complicated. For example, when you don't understand that Harmonic Pattern trading is heavily relying on Fibonacci retracement, you may simply want to use the provided custom take profit and stop loss only for your trading. At this stage you may want to switch off Potential Reversal Zone from Harmonic Pattern Plus because they make your chart look much more complicated. However, if you understand how important the Fibonacci retracement levels for your trading, you will definitely use those PRZ line for your trading. As I often mention to junior traders, PRZ lines in Harmonic Patterns are the most logical ways of sorting Fibonacci level present in the market if one have to draw all the possible Fibonacci levels in the chart. They will give you a lot of clue for accurate turning point. However, understanding PRZ lines definitely takes some disciplines.

Custom Stop Loss: 1.06962 (17.1 pips)

Pattern Completion Interval: 12.0 pips [Upper Limit: 1.06908]

Open Price: 1.06908

Custom Take Profit: 1.0482 (17.1 pips)

1.0482

Besides PRZ lines, you can switch on and off other functionality you don't use. For example you can switch on or off Japanese candle stick pattern scanner, Regression channel, pattern completion interval, Guided Trading Instruction, etc from Harmonic Pattern Plus. Most of time, to switch on and off each elements, you need to go to Indicator setting. For example, to switch off PRZ lines

completely, set Potential Reversal Zone Projection Depth = 0 and Display Fibonacci Retracement (DC Future Price Projection Level) = false from your indicator setting.

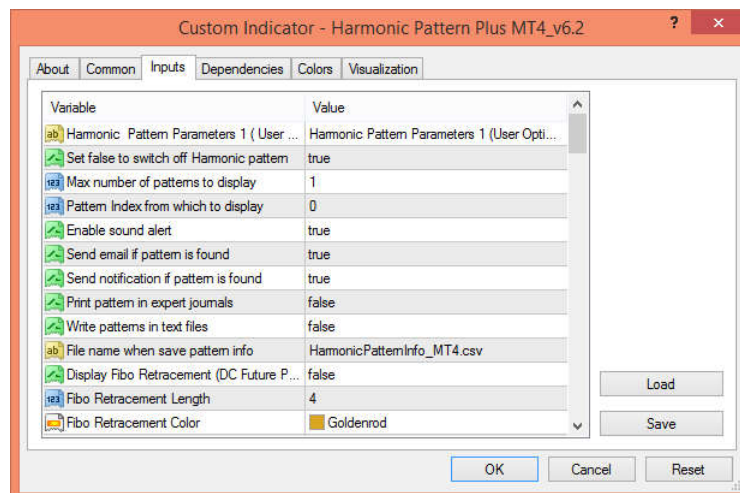


Figure 3. Indicator setting. Here you can switch on and off any feature and functionality of Harmonic Pattern Plus.

Here we provide brief description of each element in Harmonic Pattern Plus.

- Harmonic Pattern Detection – primary functionality of Harmonic Pattern Plus.
- Potential Reversal Zone Display – most logical way of sorting possible Fibonacci levels in the market.
- Custom Take Profit and Stop Loss – custom take profit and stop loss are provided for traders who need little simpler trading methodology. Literarily the sizes of custom take profit and stop loss can be changed from indicator setting too. You may select comfortable size according to your preference.
- Japanese Candle stick Pattern Detection – 52 Japanese candle stick pattern detection can assist your trading decision.
- Automatic Regression Channel – this regression channel give you some idea about overbought and oversold indication. Therefore, it is useful to gauge turning point.
- Guided Trading Instruction (GTI) – Panel display useful number and figure for your trading. For example, it include success rate for breakeven and your achievable profit targets based on your reward/risk ratio and your trading frequency.

- Pattern Completion Interval – Pattern Completion Interval define lowest and highest price level for point D or last pattern point for Shark pattern. Below or above this pattern completion interval box, Pattern can't be formed. Therefore, if the price goes below the pattern completion interval, then pattern formation is failed for bullish patterns.

Steps to improve your trading skills with Harmonic Pattern Plus for starter

As Harmonic Pattern Plus is evolving through many years, addition of new feature and functionality can confuse starters. However, each feature and functionality were wanted and requested by many professional traders. So you will want these same feature and functionality as your skill set is improved too. It is matter of time for you to see how important those feature and functionality is. Here we provide one way to improve your trading skills if you are very new to Harmonic Pattern Trading. We recommend you to practice these steps on demo account first. These steps also can be applied to Harmonic Pattern Scenario Planner too.

- A. Firstly start with custom take profit and stop loss mode. Make sure that you are using secondary confirmation tool like RSI or other oscillators. Also you need to wait for the 1st candle to complete after the pattern is detected. This is very basic steps for Harmonic Pattern Trading explained in most of text books. In fact your typical entry with harmonic pattern will start at the open price of the second candle after the pattern detection.
 - A-1. While you are practicing step A, understand the number and figure in the Guided Trading Instruction. If Reward/Risk =5, you only need 20% success rate to break even. You can also set your target goal using Guided Trading Instruction.
 - A-2. You might learn how to use Regression Channel to improve accuracy in your decision. Automatic Regression Channel mode is fine.
 - A-3. Consider to use pattern completion interval. For example, try to understand what the consequence is when your stop loss is not covering the pattern completion interval box. If the price of EURUSD passes beyond Pattern Completion Interval box, you don't have to chase the trading any more with your last pattern. With harmonic pattern scenario planner, you may already know what would be the price interval before the next pattern appears.
- B. Start to trade using PRZ lines. At this stage, you may switch off custom take profit and stop loss. However you can still use Guided Trading Instruction according to your Take Profit/Stop Loss target. If you can feel the difference between Step A and Step B, you are making really good progress.
- C. Many Harmonic pattern traders combine Harmonic Pattern Plus with advanced technical indicators like Ichimoku clouds or Keltner Channel or Renko chart, etc. Bring your strategy to more advanced level by polishing up.
- D. Start to use multiple entries. For example, you can use 2 buys or 2 sells instead of 1 buy or 1 sell. Second entry must have greater take profit but you can have the same stop loss. For

example, if you want to enter buy position, then your first buy order may have take profit 30 pips and stop loss 15 pips whereas your second buy order may have take profit 60 pips and stop loss 15 pips. This is a basic version of multiple entries. For more advanced version, you may refer to other educational materials for trading.

- E. Use Harmonic Pattern Plus with Price Breakout Pattern Scanner. Try to understand how horizontal support and resistance lines (Harmonic Pattern plus) and diagonal support and resistance lines (Price Breakout pattern Scanner) interact together. This step is optional.

Use above 5 steps to learn about Harmonic Pattern Trading. Justification for use of multiple entries for Harmonic Pattern trading can be found from four stage of the trend described in the article “Birth of New Trend Triple Entry Trading Strategy”. However, multiple entries may not be suitable for starter. Therefore you can attempt the step D at very last part of your learning. When you complete above 5 steps, you will definitely see that your skills and understanding about trading and investment is far more improved than before. You will be able to ride big and small waves in the market. Above 5 steps are general guidelines for starters. Above 5 steps may be recommended for experienced traders too if they are new to Harmonic Pattern Trading. Your success on trading and investment are heavily depending on sound discipline. Therefore, while you are practicing above 5 steps, we recommend you to build more detailed trading plan suitable for your own trading style and life pattern.