

How MW?

How Market Works?

INTRODUCTION

Market - Basics

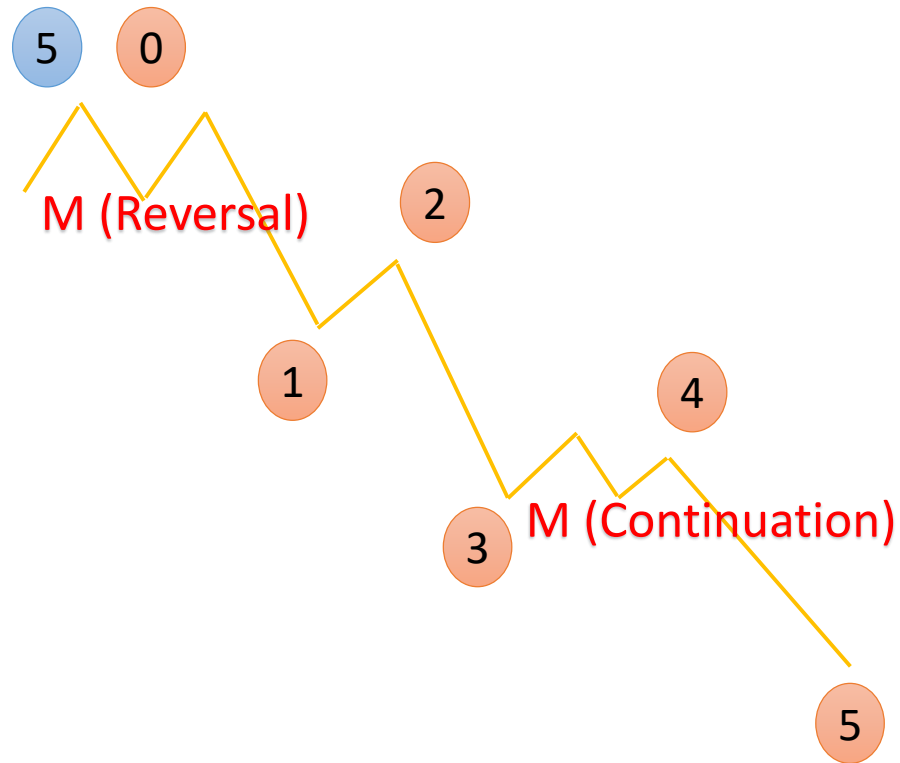
- The market can be divided into two phases :
 - Range side Market
 - Trend Market
- We know that at some point, side-ways market has to be broken and followed by trend.
- A trend can be divided into 3 steps or with 5 waves called Elliot waves.
- The market tends to behave like this, however, it's not always that easy as many traps and false breakouts are on the way.

Broken range followed by trend



Trend by Elliot Waves

Down Trend



Up Trend



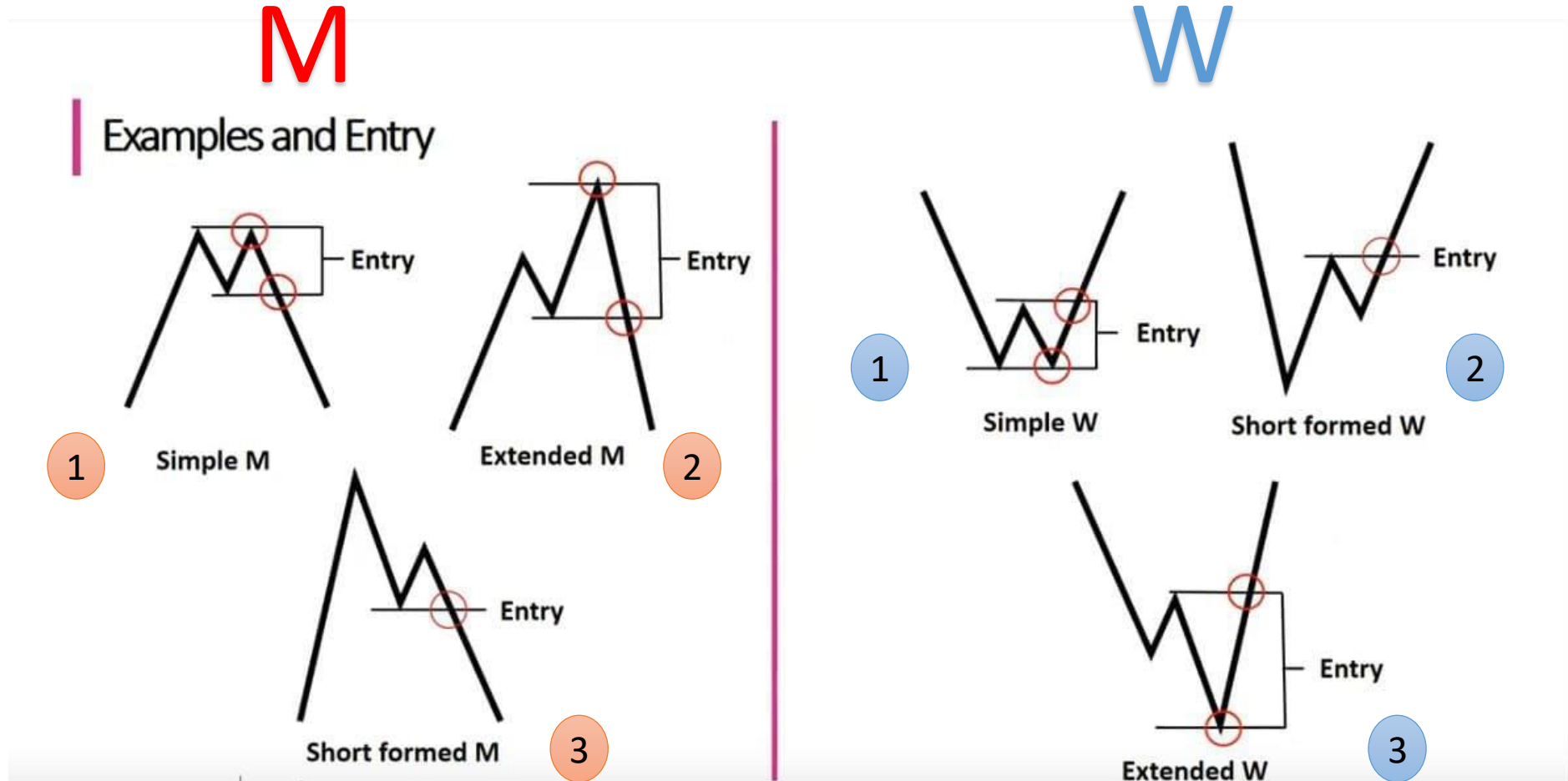
Part 1 : Trend starts



MW Pattern

- Beside the basics we studied briefly market structure. Price can be seen as a M or W pattern.
- They appear on any timeframe or instrument.
- They are the reflection of some key levels of Bulls vs Bears fight. It is simply price manipulation (Smart Money vs DumbMoney).
- *By the way, this is what the Forex Industry calls Market Maker vs Retail Traders.*
- Let's see this in picture :

MW Pattern - Theory

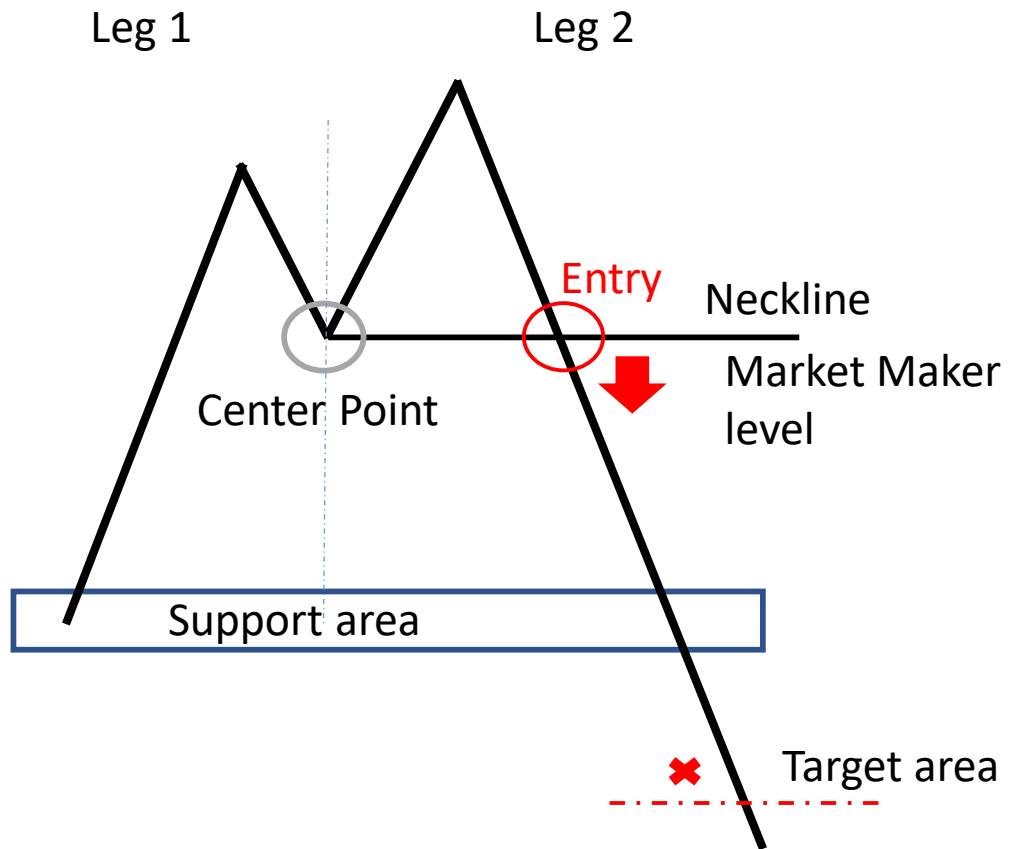


MW Pattern - Theory

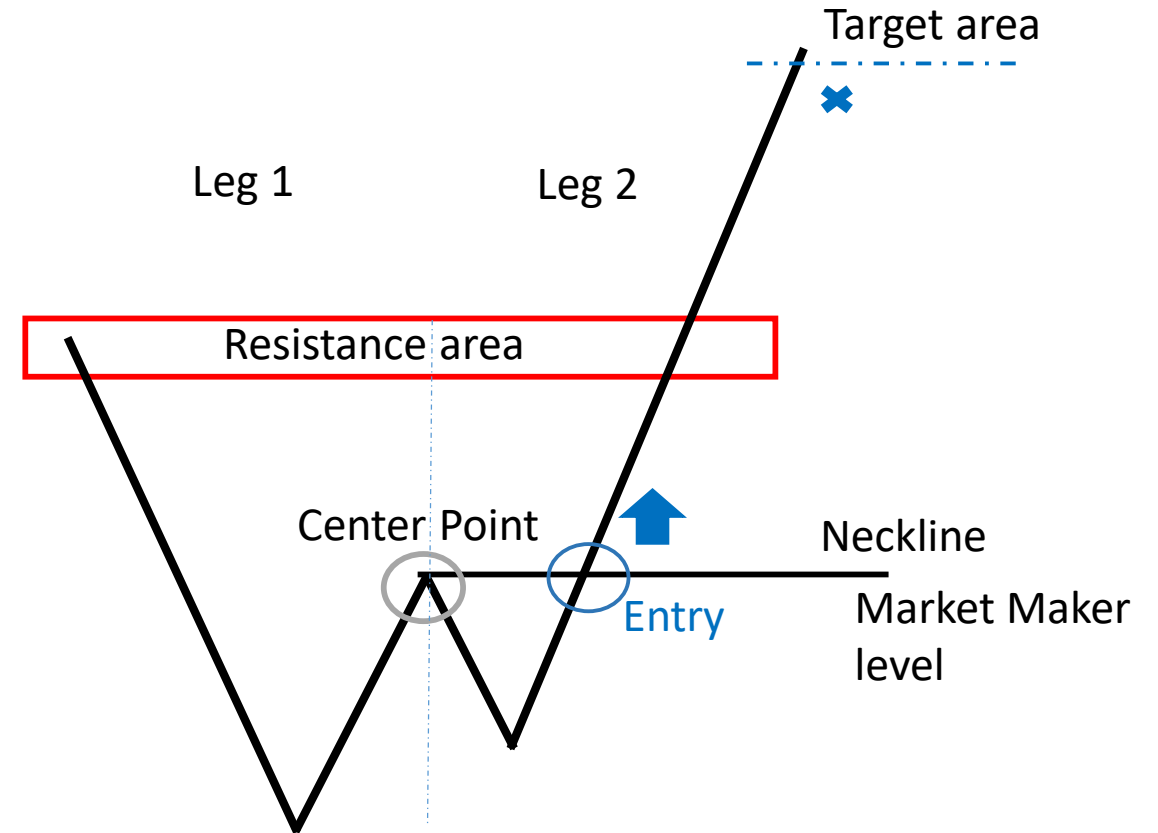
- Figure **M₁** & **W₁** could be seen as double top and double bottom
- MW aren't always perfect double top/bottom, as market fakes a move up/down or hunts StopLoss before going to the direction.
- MW can be seen as reversal pattern (depending of the Elliot wave)
- MW can be trend pattern continuation (depending of the Elliot wave)

MW Pattern - Entry

M



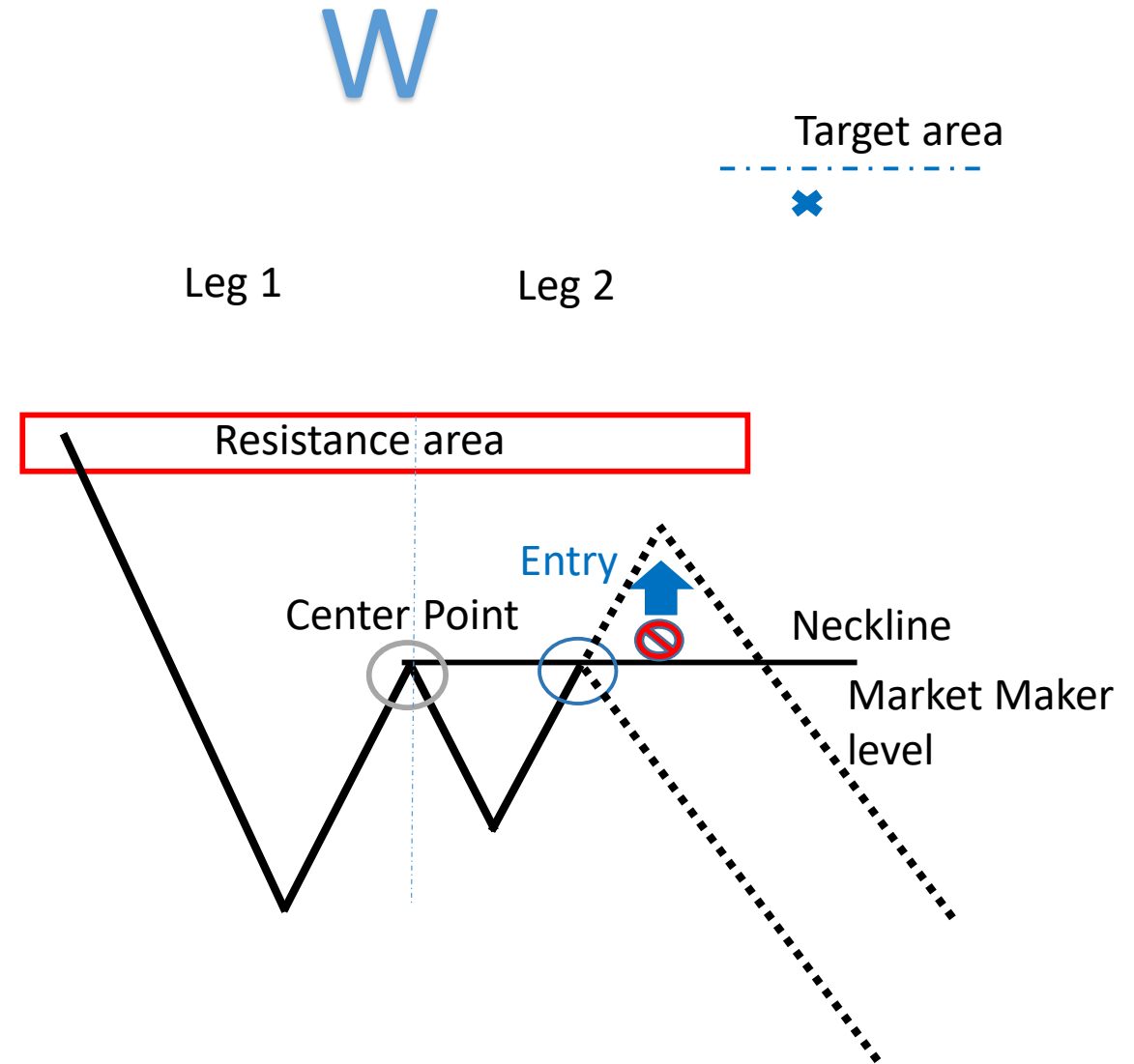
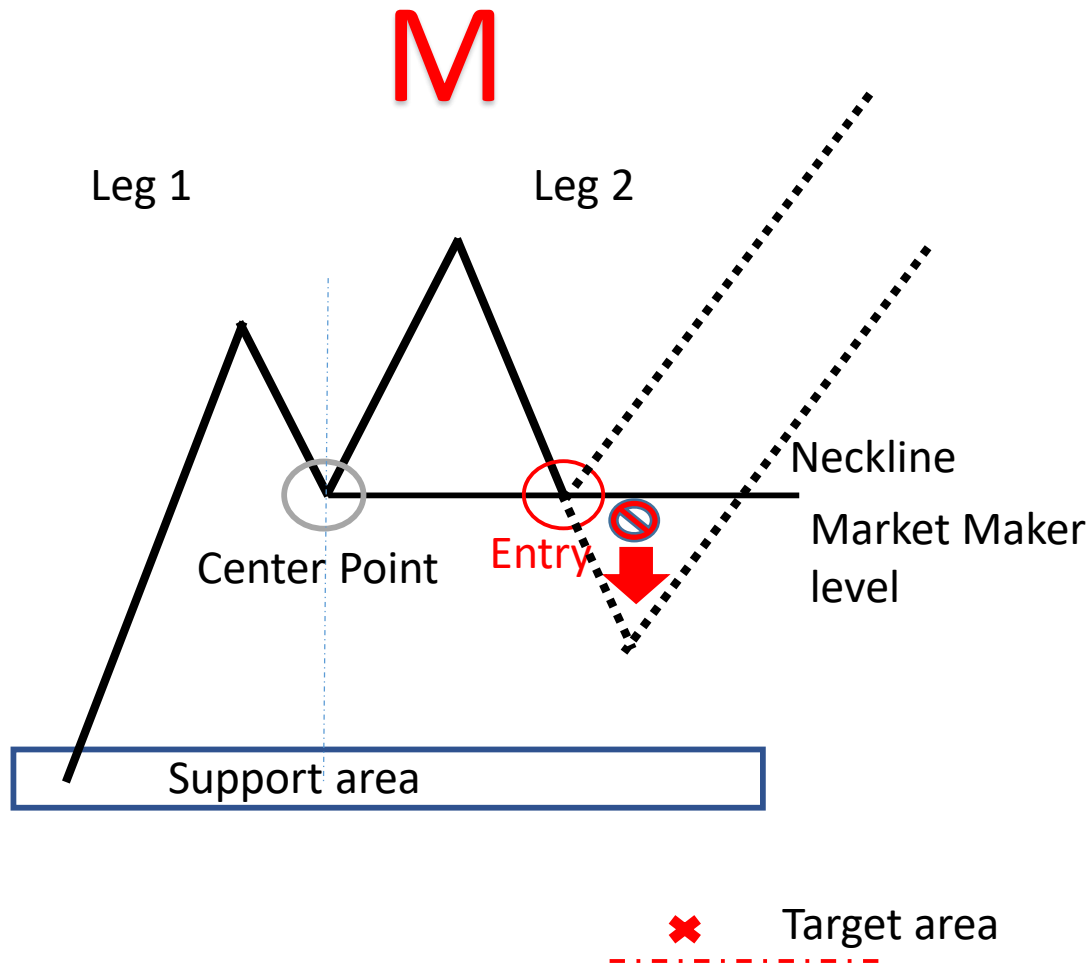
W



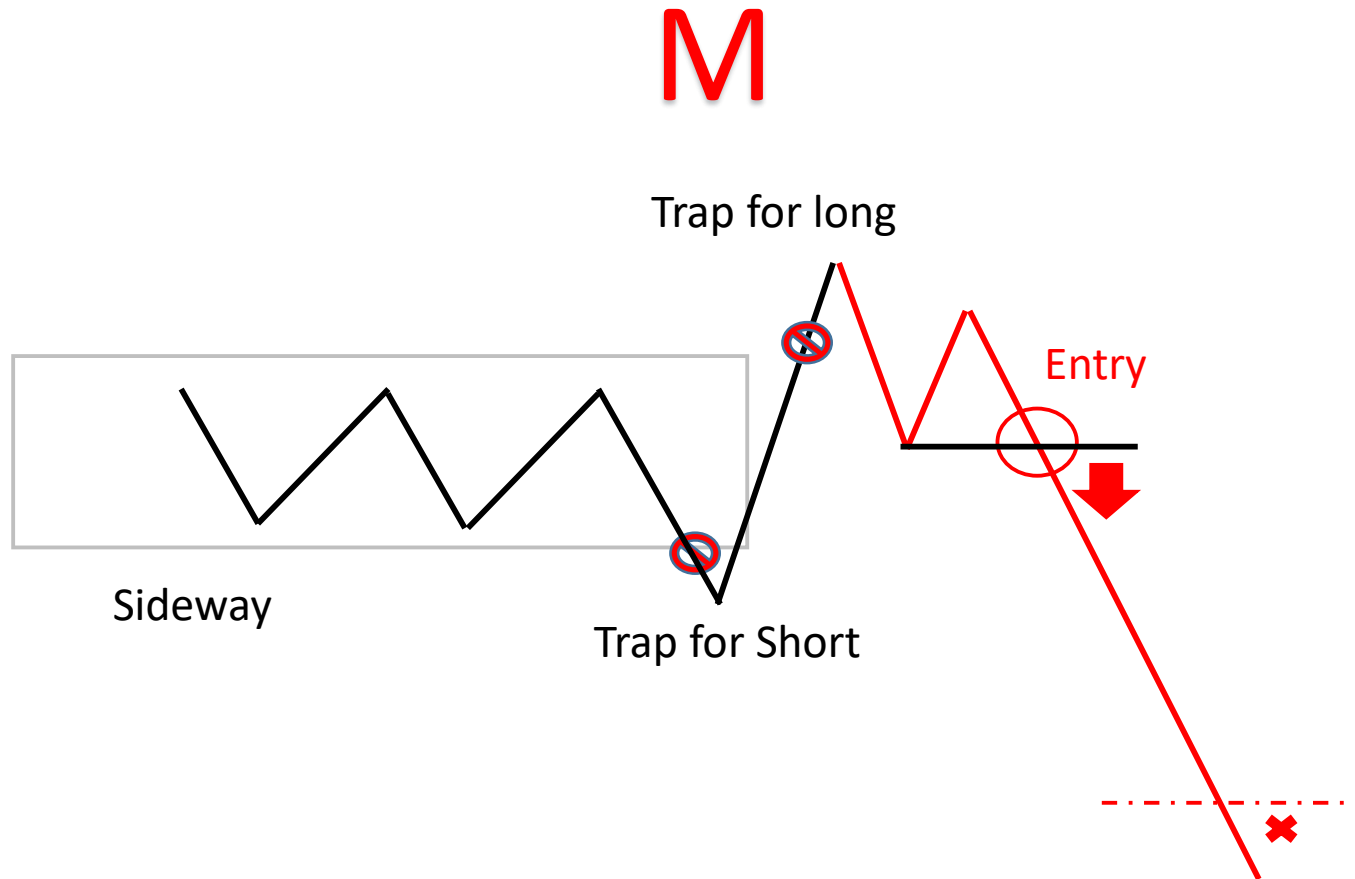
MW Pattern - Entry

- The signal is given when price is crossing neckline level. The first leg is already formed, and the second leg is forming.
- Neckline level is the trade entry, especially if actual price action is strong. A clear breakout should be a good sign for the second leg continuation.
- « Trend is your friend » :
 - **Up trend**, let's look at **W** to enter Long
 - **Down Trend**, let's look at **M** to enter Short

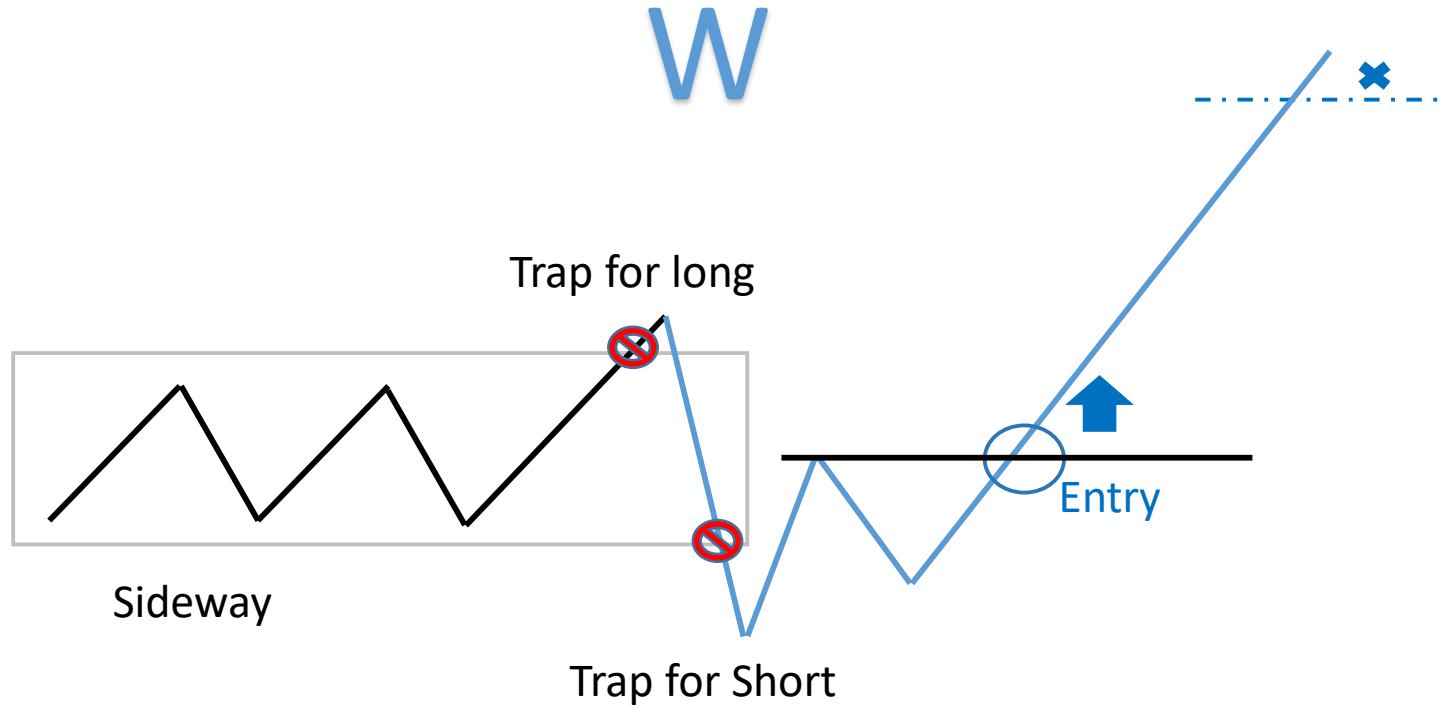
MW Pattern - False signal



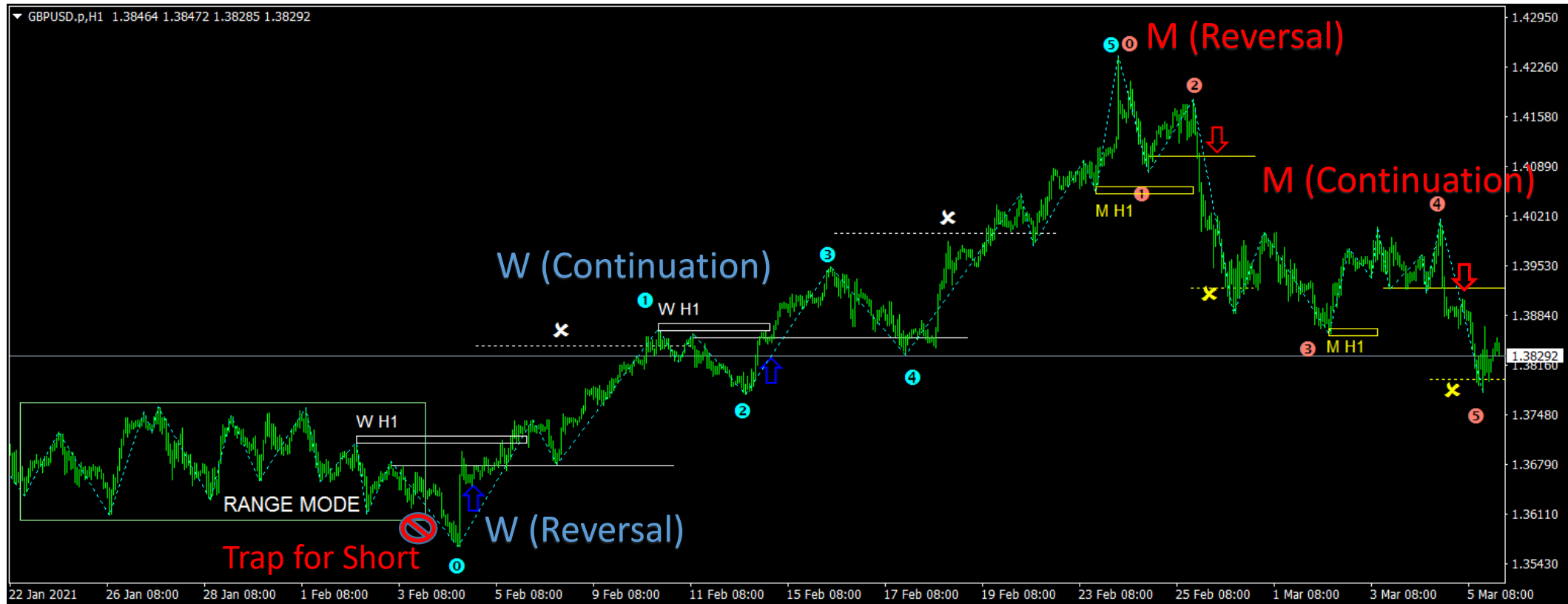
M Pattern - Market behaviour



W Pattern - Market behaviour



Market driven by MW Pattern



MW Pattern - Scenario

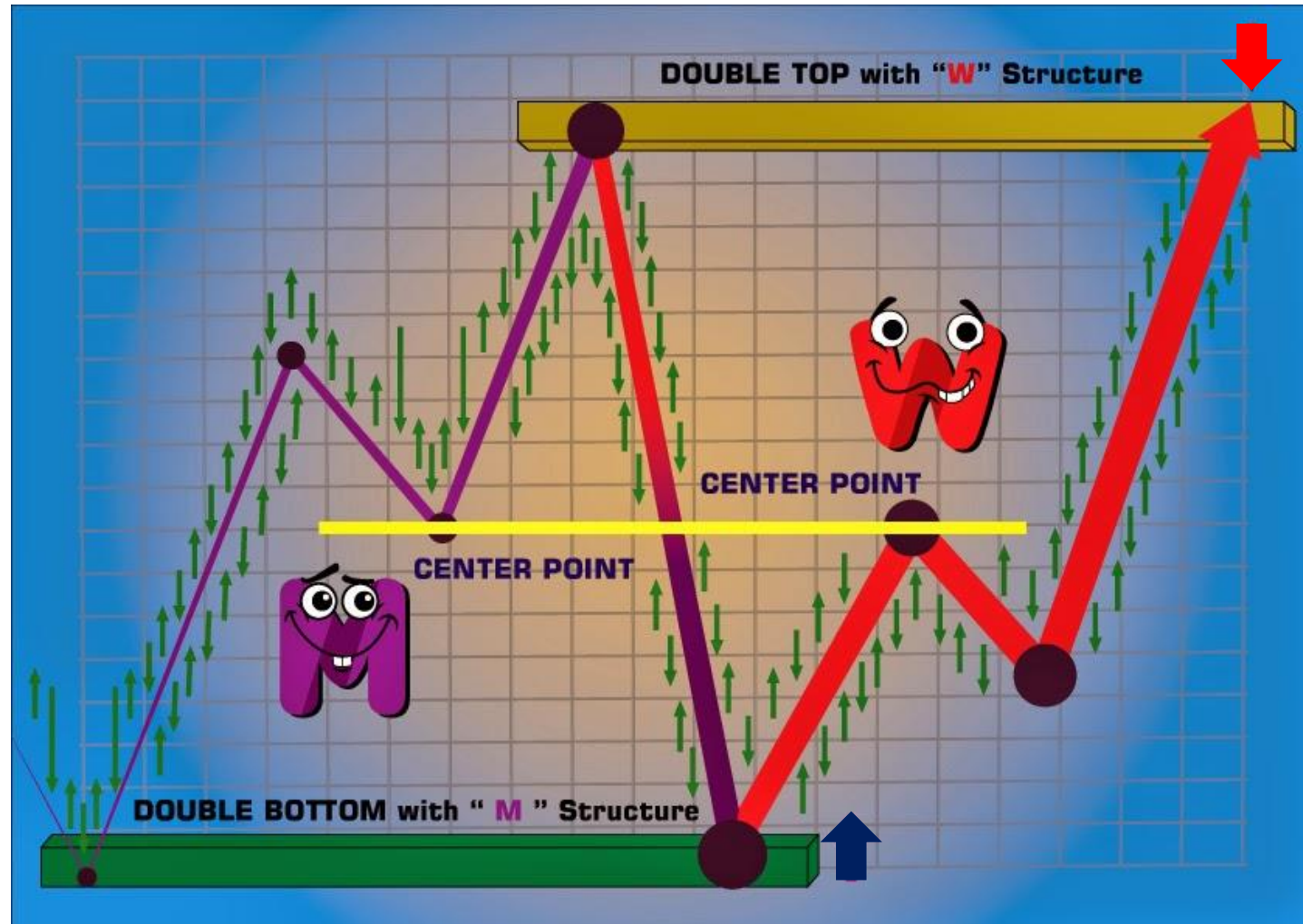
- From the chart above, we can notice how market has trapped Short traders when market faked to break down after the range period. 
- Therefore, market reverses sharply forming **W (Reversal)** Wave 0.
 - Long Signal (Blue Arrow) is given when price is crossing neckline.
- Up trend continues, **W (Continuation)** is forming Wave 2.
 - Long Signal (Blue Arrow) is given when price is crossing neckline.
- Market made a completed cycle until Wave 5.
- Now, we can a sign for reversal trend **M (Reversal)** Wave 0.
 - Short signal (Red Arrow) is given when market is crossing neckline.
- Down trend continues, **M (Continuation)** is forming Wave 2.
 - Short signal (Red Arrow) is given when market is crossing neckline.
- Market made a completed cycle until Wave 5.

MW Pattern - GbpUsd H1

- Over 1 month period, on timeframe H1, we generated 4 reliable signals waiting for market to draw patterns. We avoid trap by Market Maker and we finally trade with them when market is crossing some key levels and we could expect price continuation.
- As market develops, Elliot Wave provides global guidance and help to figure out potential market extension while counting moves.

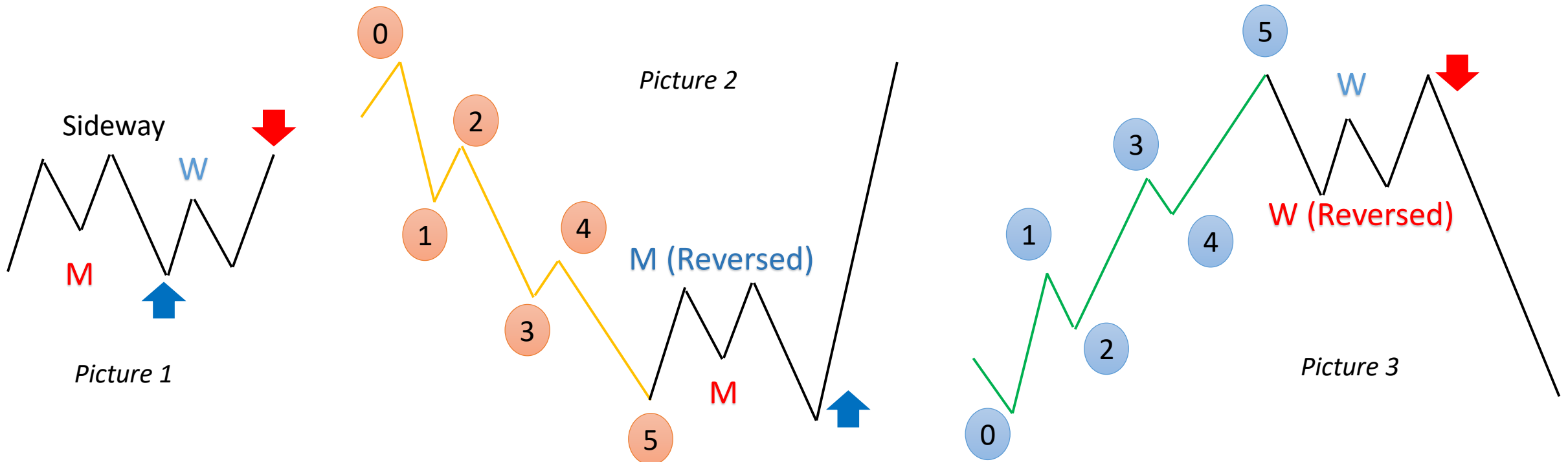
[Example Live signal](#)

Part 2 : Trend ends

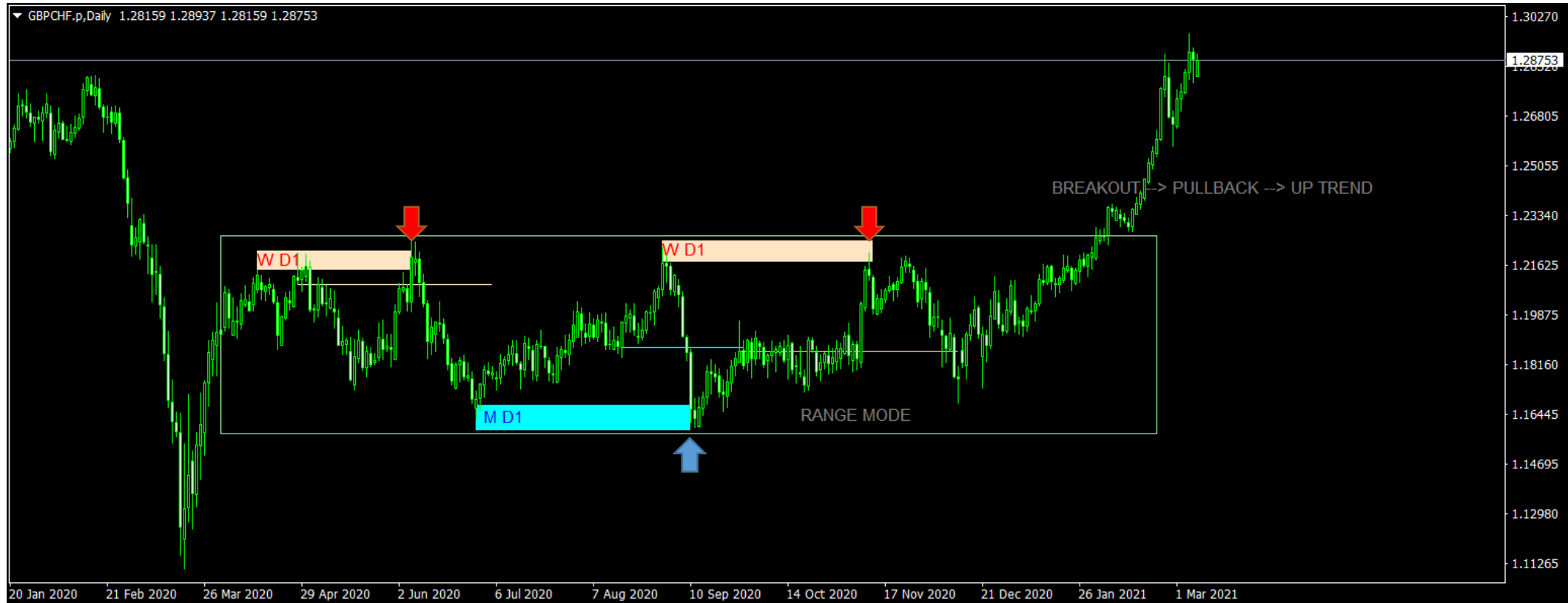


MW Pattern - Daily

- On daily chart, we could notice some pattern that we could reverse signals when the pattern has formed completely, especially if market looks ranging or exhausted (Wave 5)



MW Pattern reversed signal



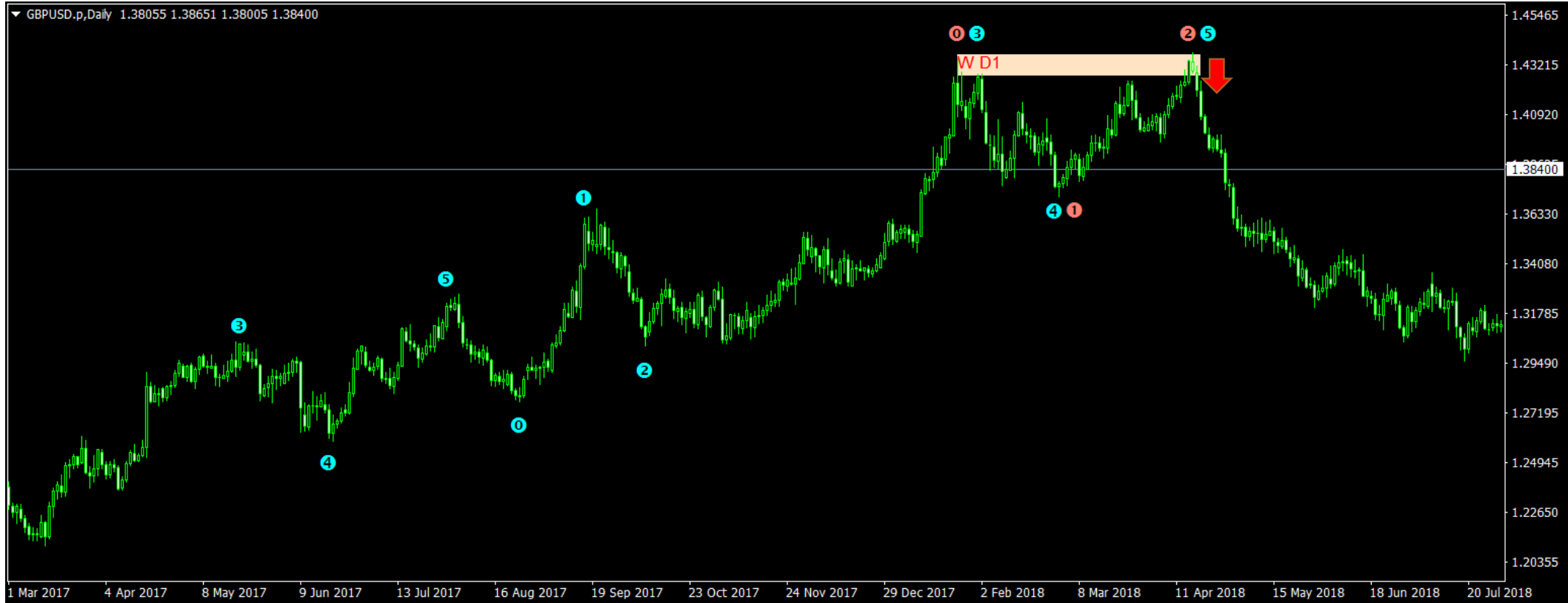
Picture 1

M Pattern (Long) - Wave 5



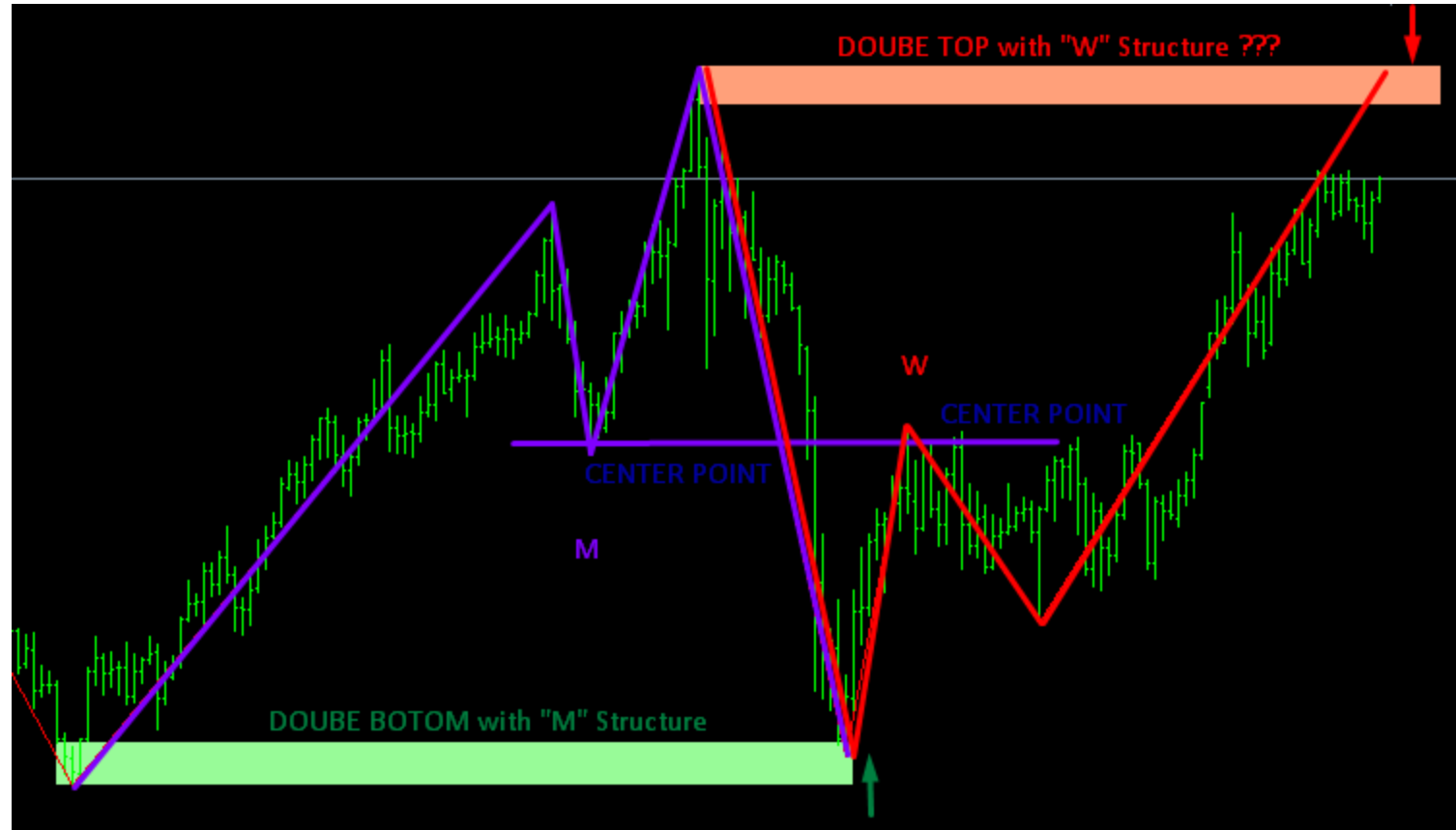
Picture 2

W Pattern (Short) - Wave 5



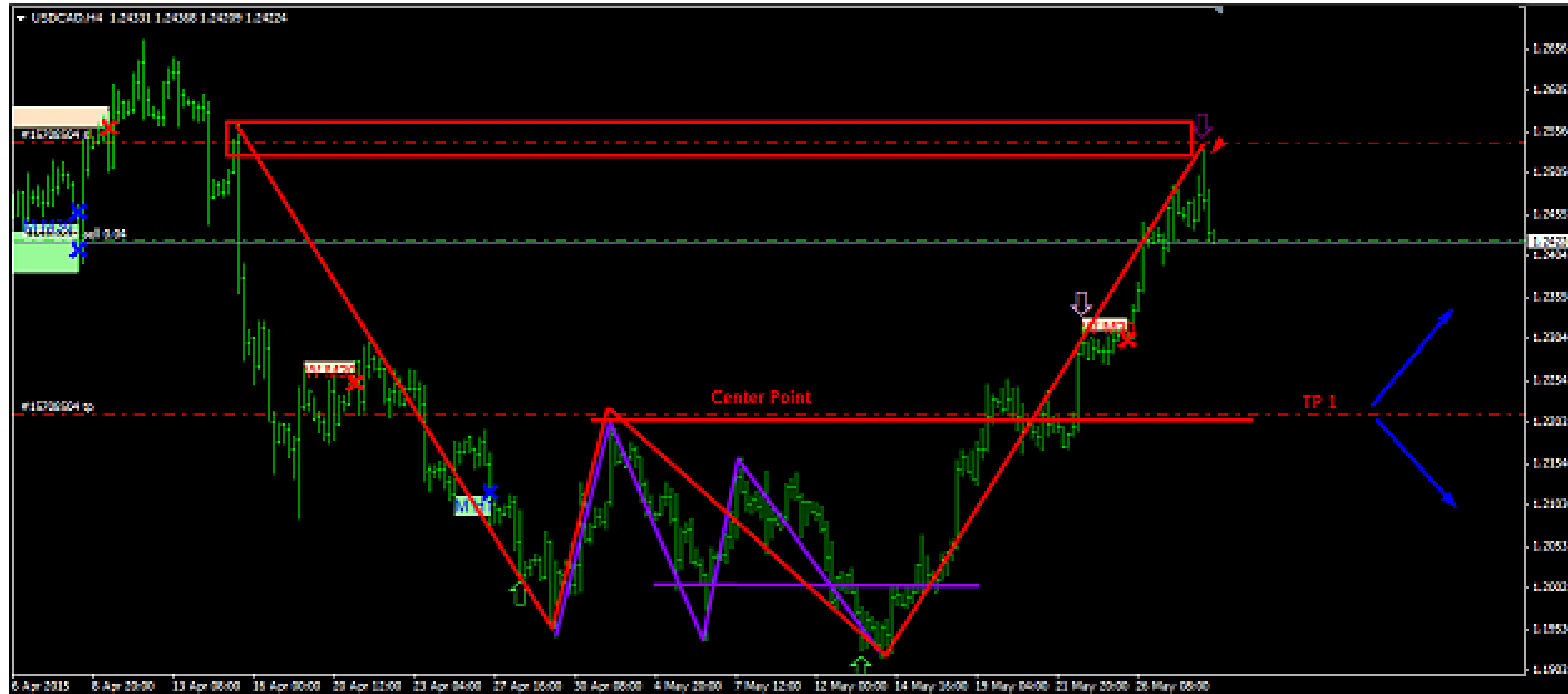
Picture 3

MW Twin Pattern



Commun Leg

MW Matryoshka Pattern



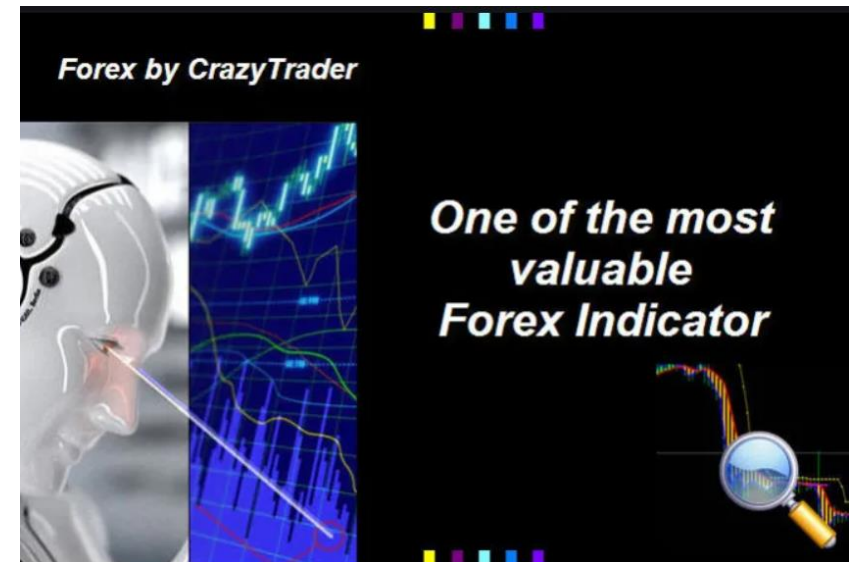
Pattern Inside pattern

MW Pattern - Market Place

- Steeve Mauro is well known on the web for trading such pattern. He has worked into finance Industry. He has surely a great experience to share... However, you can check yourself, to join his website costs \$3997! without Indicator.
- I can tell that I trade theses patterns since very long time even before I created a dedicated thread about [MW Pattern](#) back to May 2015 on ForexFactory.
- I started to discuss about MW Pattern on [blog](#) back to February 2014. As far I remember, the first time I saw a Pattern was on 2010. Then I learnt to code and made that Indicator a couple of years later.

MW Pattern - MT4 Indicator

- Set up Indicator on the chart, it sends alerts for any MW pattern for all timeframes selected into parameters
- Alert on MT4 and/or mobile notification
- « Look left, Market leaves clues », don't waste time to monitor patterns, Indi does the hard job
- MW Pattern Indi :
 - 2 years license €150
 - Lifetime license €200 + Elliot Wave Indi



Contact

- [Telegram](#)
- [MW Pattern Channel](#)
- [Website](#)

END

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