

Twitter Thread by Gautam Mazumdar

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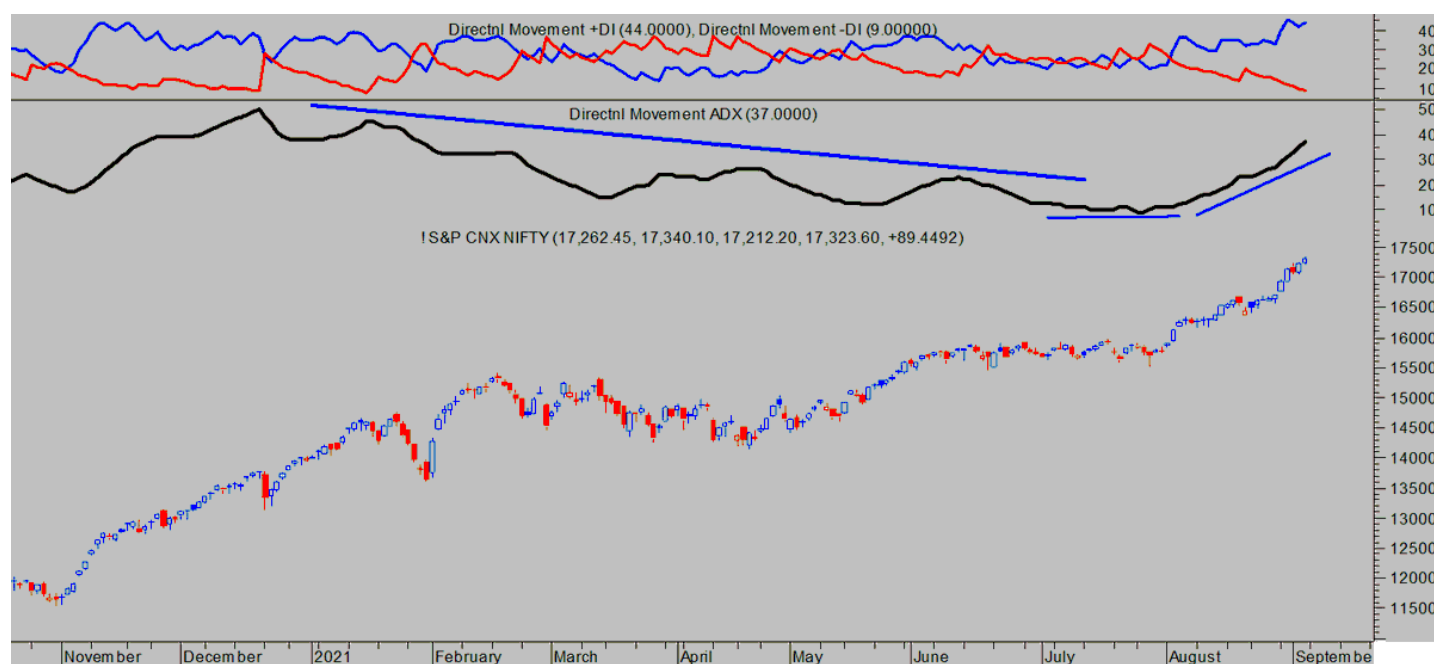
DIVERGENCE IN ADX (A thread)

ADX gradually makes lower swing highs and swing lows.

It reaches a very low level

A breakout in chart takes place which makes the indicator to move up.

A strong move usually follows.



If it happens at lower side of market, it usually signals a major reversal.

If it happens at higher end of market, it generally culminates in the form of a major top.

I had talked about the effects of divergence earlier too. The chart says it all.

As one can see in it that the entire process took months to complete itself in daily charts.

The beauty of ADX is it can be used in charts of all periodicity. Depending upon the periodicity of chart its effect varies.

Short term traders can look out for such divergence and breakout in 5, 15, 30 or even hourly charts.

A little back testing can do wonders.

#ADXPower

<https://t.co/JqEEcsBSHY>