CONVERGENCE
DIVERGENCE
CONGRUENCE
CONV./DIV./CONG. (CDC) Patterns that determine the strength of the trend or the life span of the trend. The market conditions become either:

-Bearish divergence or Bullish divergence

The CDC Setup Strategy (cdc) An actual strategy for trading when CDC is present in the market.
Convergence, Divergence, Congruence

This is a sign that the market is slowing or going to change directions.

On larger time frames, Day - 4 hr charts, it could mean a change in the direction the market is moving … reversing direction

- If the market was going up it is now going to turn, change direction and head down
- If the market was going down it is now going to turn, change direction and head up

On smaller time frames 1hr, 30min, 15min CDC usually means the market is going to rest, consolidate, or do a small retracement then continue in the same direction of continue with the larger time frame trend
Convergence, Divergence, Congruence

This is simply when the market is agreeing with the direction and not giving mixed patterns. This is what happens 75 - 85% of the time. The other 25 - 15% of the time the market will become weak and show bearish or bullish tendencies.
Convergence is where the price bars are going down and the AO is below the zero line going up or closer to the zero line … the direction the price bar and AO are moving towards each other

Lower, Lows on the price bar
This is the result of the convergence
You can see the change in direction once Convergence takes place
Divergence is where the price bars are going up and the AO is above the zero line going down or closer to the zero line ... the direction the price bar and AO are moving away from each other
Market was going up on this 4hr chart
When the momentum on the AO changed the market slowed, started to consolidate
You can see the change in direction once Divergence takes place
Congruence

Price Bar

AO

Price Bar

AO
CONVERGENCE
Examples
Potential has to turn blue first to qualify.
Good remember it has to confirm with the color change.
USDCAD DAY CONVERGENCE

Good

GBUSD, M30 | EURUSD, M1 | EURGBP, M30 | USDCHF, M15 | USDJPY, M15 | EURJPY, M5 | AUDCAD, M15 | USDCAD, Daily | NZDUSD, M1 | NZDJPY, M15 | GBPJPY, M1 | GBPCAD, M1
DIVERGENCE

Examples
DIVERGENT MARKET
DIVERGENT MARKET
IN this case you would want the peaks above the hotlines
EURUSD MONTH DIVERGENCE
CONGRUENCE

Examples
CONGRUENT MARKET
CONGRUENT MARKET
CONGRUENT MARKET
DIVERGENT MARKET UNTIL GREEN VERTICAL LINE THEN CONGRUENT.
CONVERGENT MARKET UNTIL GREEN VERTICAL LINE THEN CONGRUENT.
DIVERGENT MARKET UNTIL GREEN VERTICAL LINE THEN CONGRUENT.
CDC Set up

RULES:

- Minimum 8 bars maximum 21 bars from confirmation bar to qualify.
- It must have to have a color change on the HA and AO to qualify.
- Enter on a 5 Alarm on a lower time frame. Preferably adjacent time frames.

Count the number of bars from the highest high to the lowest low and divide that number in half. This number is the number of bars that the move will most likely go before loosing steam or turning.

Trade management tighten up stops or set a hard Take Profit or exit manually when you get to that last bar of the run.
Multiple Time Frames
Multiple Time Frames

Hidden Divergence and Convergence
Day chart  Note how the market gets hard to trade where the divergent lines are drawn. Also note that the last 11 bars on the chart are also looking choppy this is a possible heads up to look for DIV. or CONV. In the market.
Note that the overall trend is congruent. However, there is the BLS short that we could have traded going short on the 4 hr chart with a 5 alarm trade.
Note that there are several places to be trading in the direction of the week chart here on the 4 hr as well as the US of the CDC pattern (circled) to catch the leg 1 (arrowed). I noticed while setting up this page that there was also an earlier CDC set up as well.
Student’s Chart  you nailed it!
If AO crosses the zero line it cancels out Convergence or Divergence. From there you will want to draw lines to see if the pattern is congruent or not.
CDC and Exits
AUDCAD
1 Hr
Total pips 179
Tying in with other strategies
CDC
and the
Leg 2
CDC
and the
ZONE
CDC
and the
MEGA Trade
CDC
and the
Camel backs
What is the difference?
Daily AUDCAD Divergence to Congruence
GBPUSD
Daily
Camel back
Assignments:

Find 3 examples of each:

Convergence
Divergence
Congruence

Using Multiple time Frames show how you timed an entry with at least three time frames to confirm using CDC

Example: find CDC on a larger time frame enter and confirm on the next two lower time frames

Recognizing hidden CDC

Using CDC to time exits

Example using three time frames finding CDC on the smaller or entry time frame confirming on middle time frame for the close.
Convergence

Divergence

Congruence
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