



MACD MOVING AVERAGE CONVERGANCE DIVERGANCE

The MACD indicator is basically a refinement of the two moving averages system and measures the distance between the two moving average lines.

MACD Trading Signals.

The MACD indicator is primarily used to trade trends and should not be used in a ranging market. Signals are taken when MACD crosses its signal line, calculated as a 9 day exponential moving average of MACD,

First check whether price is trending. If the MACD indicator is flat or stays close to the zero line, the market is ranging and signals are unreliable.

- Go long when MACD crosses its signal line from below.
- Go short when MACD crosses its signal line from above.

Signals are more stronger if there is either.

- A large swing above or below the zero line.

