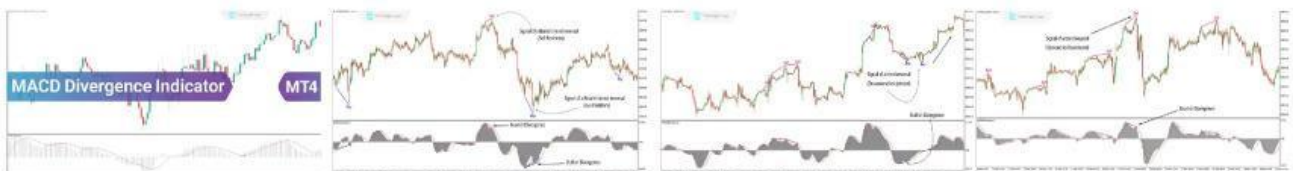


MACD Divergence Indicator for MetaTrader4 Download - Free - [TFLab]

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The Automatic **MACD Divergence** indicator is an essential technical analysis tool and one of the most critical signals for identifying trend reversals or continuations in **MetaTrader4 indicator**. It automatically detects **positive divergences** at **lows** and **negative divergences** at **highs**.

A negative divergence occurs when the price makes **higher highs**, but the MACD indicator creates **lower highs**. Conversely, a positive divergence occurs when the price makes **lower lows**, but the MACD indicator creates **higher lows**.

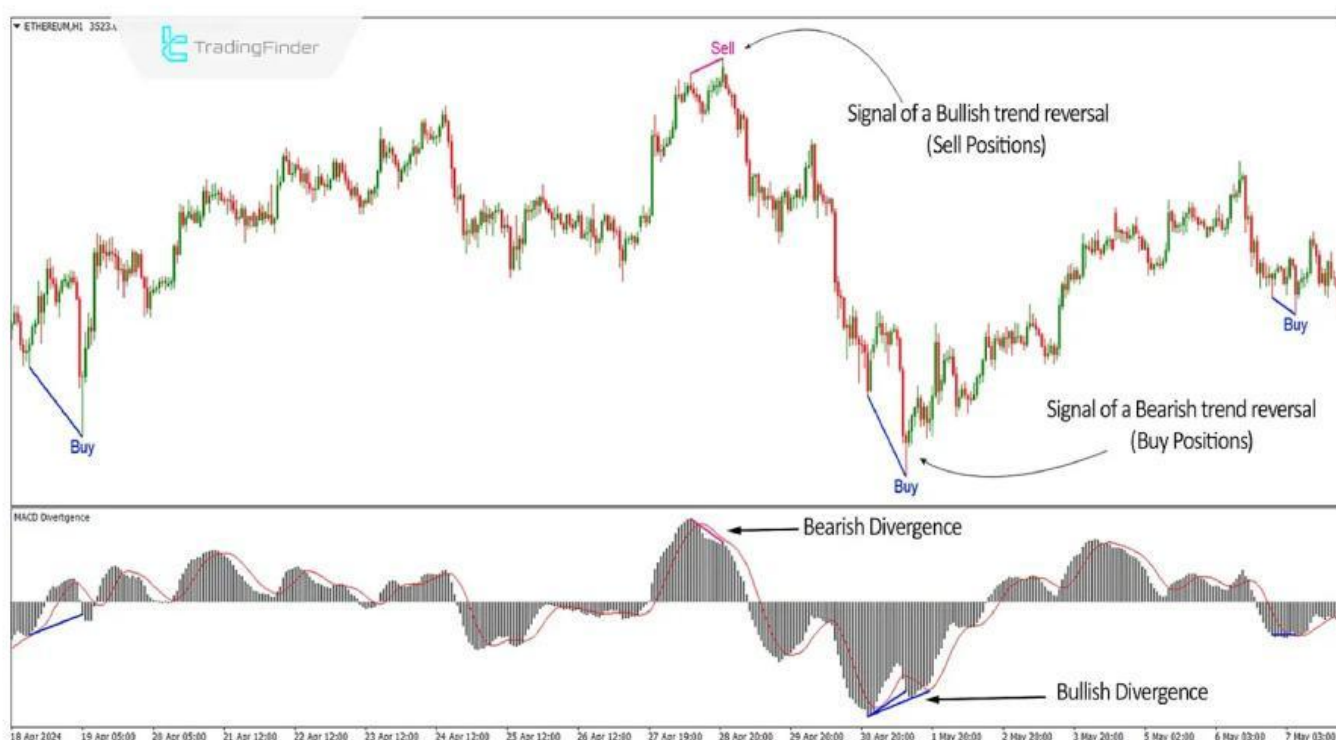
Indicator Table

Indicator Category	Oscillator - Signal and Forecast
Platforms	MetaTrader 4
Trading Skills	Beginner
Indicator Types	Reversal - Non-Repaint
Timeframe	Multi Timeframe
Trading Style	All Styles
Trading Instruments	All Markets

The accompanying chart depicts a **1-hour** timeframe of the **Ethereum [ETHEREUM] cryptocurrency**. Notably, the price reached a higher high following an **upward trend** at the **\$3350** price point, indicating continued **bullish momentum**.

However, a **bearish divergence** was observed in the MACD indicator, as it failed to create a higher high, suggesting a potential **uptrend reversal**. Conversely, after a **downward trend** at the \$2800 price point, the price formed a lower low, indicating sustained **bearish pressure**.

However, the MACD indicator displayed a **positive divergence** by creating a **higher low**, signaling a possible **bullish reversal** and the end of the **downtrend**.



Bullish and Bearish Signals from MACD Divergence

Overview

The automated **MACD Divergence** indicator is a valuable tool for **identifying trend continuations or reversals** and can be incorporated into various trading strategies.

It efficiently detects divergences on price charts, providing signals for contrarian and **trend-following trades**.

Uptrend Signals

The chart depicts a **1-hour Dow Jones Industrial Average (US30)** timeframe. The MACD indicator has identified a **positive divergence** between two successive **swing lows**.

This **divergence**, often seen as a **bullish signal**, suggests that the **downward** price momentum may **weaken**, and a potential **upward trend reversal** is on the horizon.

The indicator has generated a buy signal on the chart, providing a possible entry point for long positions. However, traders are advised to seek additional confirmation from their specific **trading strategy** before executing a trade.



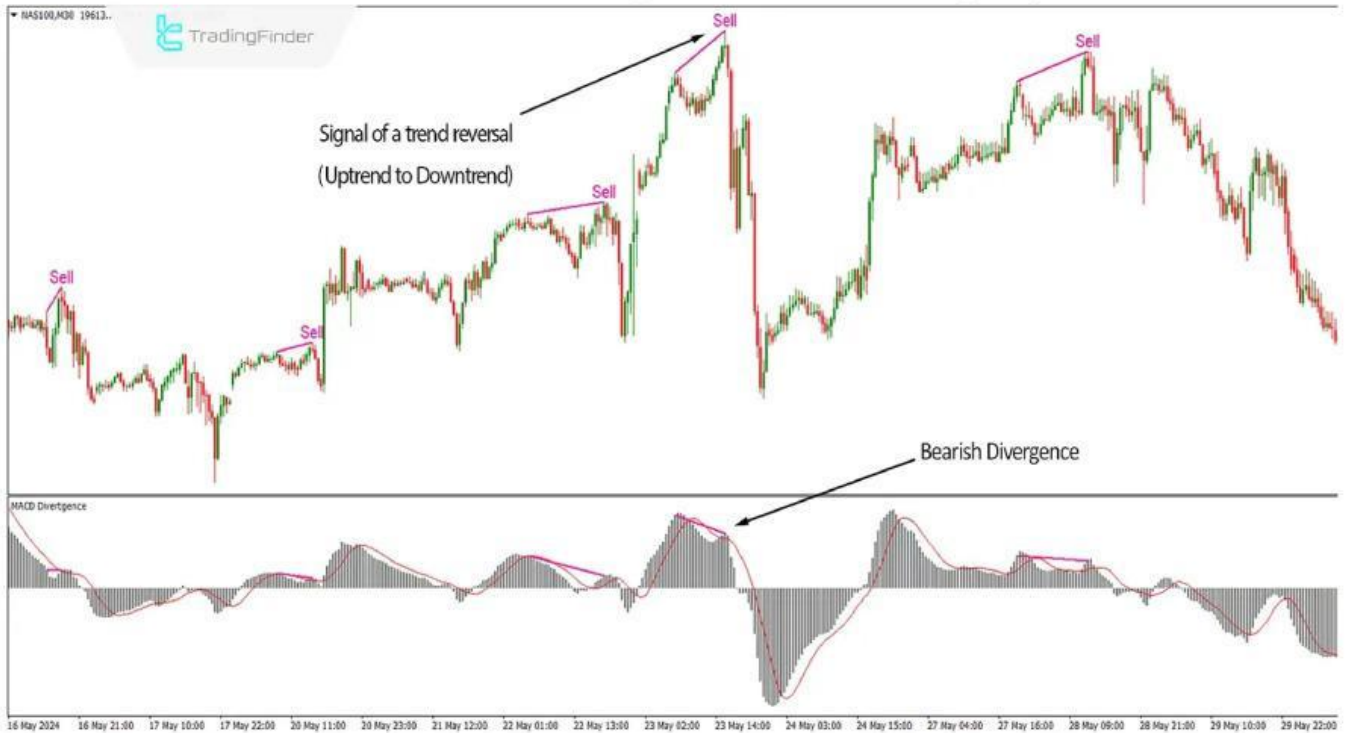
Uptrend Signal from the MACD Divergence

Downtrend Signals

The accompanying chart depicts a **30-minute NASDAQ 100 index (NAS100)** timeframe. The MACD indicator has identified a **negative divergence** between two successive **swing highs**.

This divergence, often seen as a **bearish** signal, suggests that **upward** price momentum may weaken and that a potential **downward trend** reversal is on the horizon. The indicator has generated a sell signal on the chart, providing a possible entry point for short positions.

However, traders are advised to seek additional confirmation from their specific trading strategy before executing a trade.



Downtrend Signal from the MACD Divergence

Settings of the MACD Divergence Indicator



Settings of the MACD Divergence Indicator

- ⚡ **Fast EMA Period:** Use a 12-period Exponential Moving Average;
- ⚡ **Slow EMA Period:** Use a 26-period Exponential Moving Average;
- ⚡ **Signal SMA Period:** The signal line (in red) is a 9-period Simple Moving Average;
- ⚡ **Number of candles for Pivots calculation:** Calculate pivots using 8 candles;

- ⚡ **Maximum distance between two pivots:** The maximum distance between two pivots is 30;
- ⚡ **Minimum distance between two pivots:** The minimum distance between two pivots is 5;
- ⚡ **Number of divergences from pivot:** There should be 1 divergence from each pivot;
- ⚡ **Number of MACD that break the line:** 8 MACD lines should break;
- ⚡ **Shift:** Set the shift value to 2;
- ⚡ **Sell Divergence:** Color the sell signals pink or any color of your choice;
- ⚡ **Buy Divergence:** Color the buy signals blue or any color of your choice;
- ⚡ **Width:** Set the width of the divergence line to 2.

Summary

Most **trend reversals** on price charts occur in conjunction with **divergences**. Consequently, one of the most critical applications of the MACD is its ability to **identify divergences**.

Traders leverage this indicator to detect potential trend reversals or continuations within their trading strategies. A divergence occurs when the price and the indicator move in opposite directions. This discrepancy can signal a possible **trend reversal** or a **shift in momentum**.

Automated divergence **oscillator indicator** can filter out many of the errors that traders might make when manually identifying divergences.

Sources:

- 1: <https://tradingfinder.com/products/indicators/mt4/macd-divergence-free-download/>
- 2: <https://www.youtube.com/watch?v=Sds0JPAHJFk>

 [Website](#)

 [Indicator link](#)



 [Youtube Channel](#)

 [Instagram](#)