RSI Divergence Indicator for MetaTrader 4 Download - Free - [TF Lab]



The **RSI Divergence indicator**, like the automatic **MACD Divergence** indicator, is an essential technical analysis tool and one of the most critical indicators for trend reversals widely used in **MetaTrader 4 indicator**.

This indicator automatically identifies **bullish divergences** at **lows** and **bearish divergences** at **highs**. It can be used alongside other technical analysis tools, such as **support** and **resistance** levels, to obtain reliable signals.

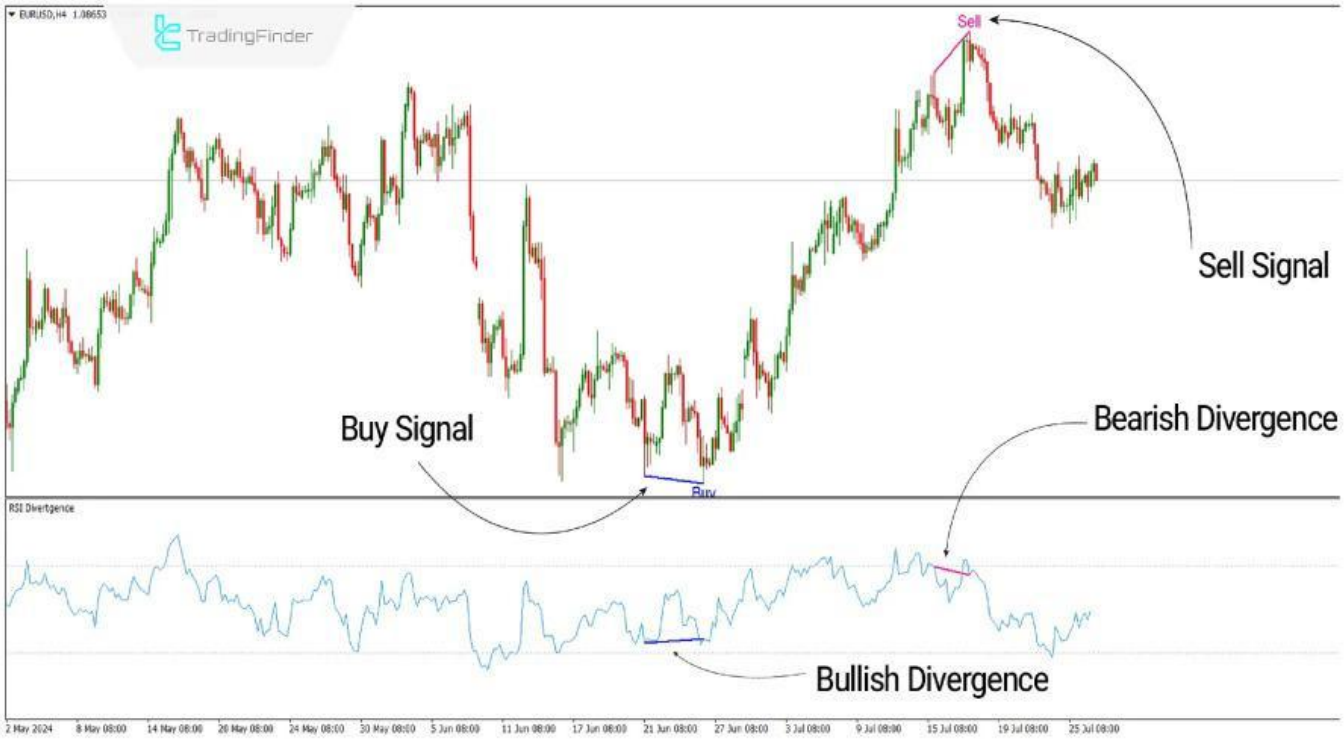
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Indicator Table

Indicator Category	Oscillator - Price Action - Signal and Forecast
Platforms	MetaTrader 4
Trading Skills	Beginner
Indicator Types	Reversal - Overbought and Oversold
Timeframe	Multi Timeframe
Trading Style	All styles
Trading Instruments	All Markets

In the image below, the chart of the **EUR/USD** currency pair in a 4-hour timeframe is shown, where at the end of a **downtrend**, the last low has gone lower than the previous low **(LL)**. Still, the **RSI** indicator shows a **bullish** divergence **(positive)**, issuing a **buy signal** and indicating a trend reversal. Similarly, after an uptrend, the last high has gone higher than the previous high **(HH)**. Still, a **bearish divergence (negative)** has formed on the indicator, indicating a **sell signal** and a reversal from an **uptrend** to a **downtrend**.

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Buy and Sell Signals from the RSI Divergence Indicator

Overview

The **RSI Divergence indicator** can detect the continuation of the primary trend or a reversal. This indicator identifies divergences without needing manual chart examination, which can increase analysis accuracy and prevent human errors. Divergences are usually considered solid signals for trend changes, so incorporating them into trading strategies is highly beneficial.

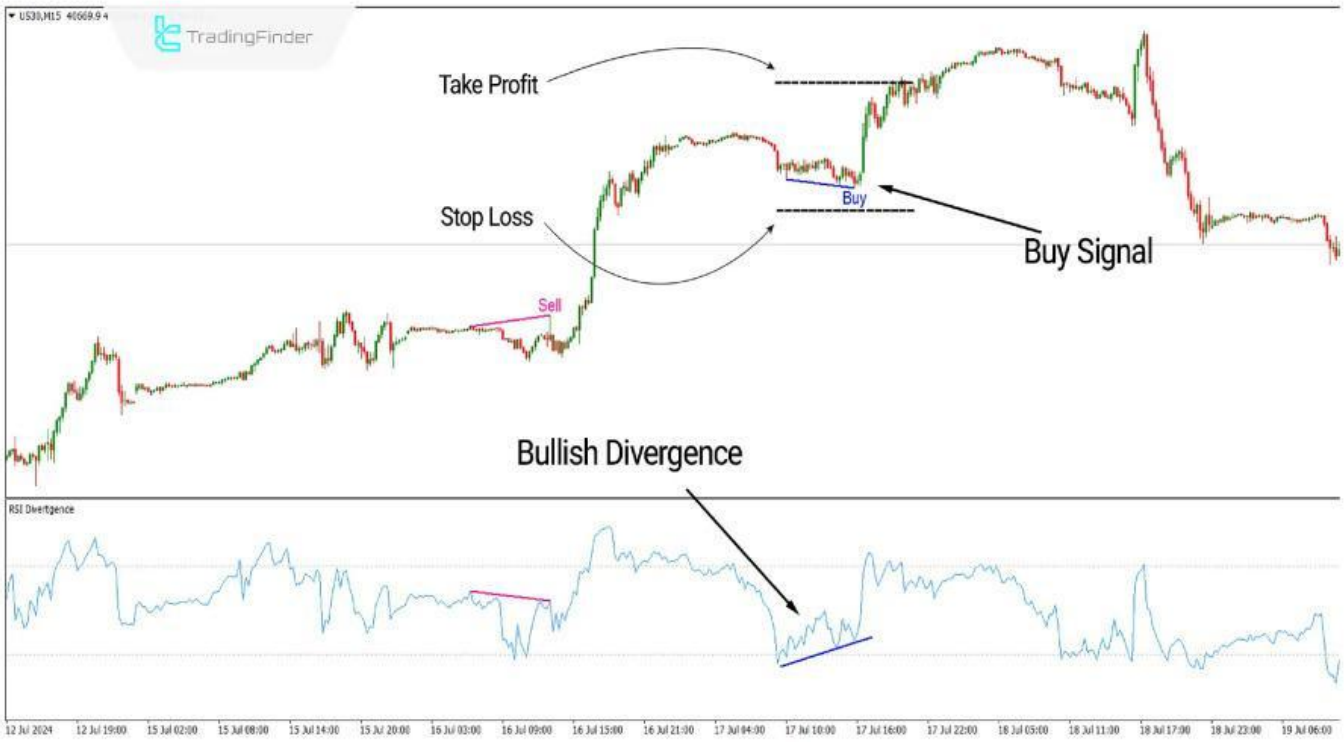
Uptrend Signals (Buy Positions)

In the image below, the **Dow Jones** Index chart with the symbol **(US30)** in a 15-minute timeframe is shown. After a retracement, we witness a weakening of power, and the indicator reaches the oversold zone. The indicator detects a positive divergence between the two lows at the end of the retracement **(Swing Low)** and issues a **(BUY)** signal on the price chart.

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Take Profit and Stop Loss for Buy Signals

The price reaching the overbought zone can be considered to set the take profit, and the stop loss can be placed near the last low.



Buy Signal from the RSI Divergence Indicator

Downtrend Signals (Sell Positions)

In the image below, the chart of the **USD/CAD** currency pair in a 30-minute timeframe is shown. After an **uptrend**, we see a **bearish divergence (negative)** between the **two highs** at the end of the trend. Additionally, the indicator has reached the overbought zone, and under these conditions, the **(SELL)** signal appears on the chart, indicating an entry into sell trades.

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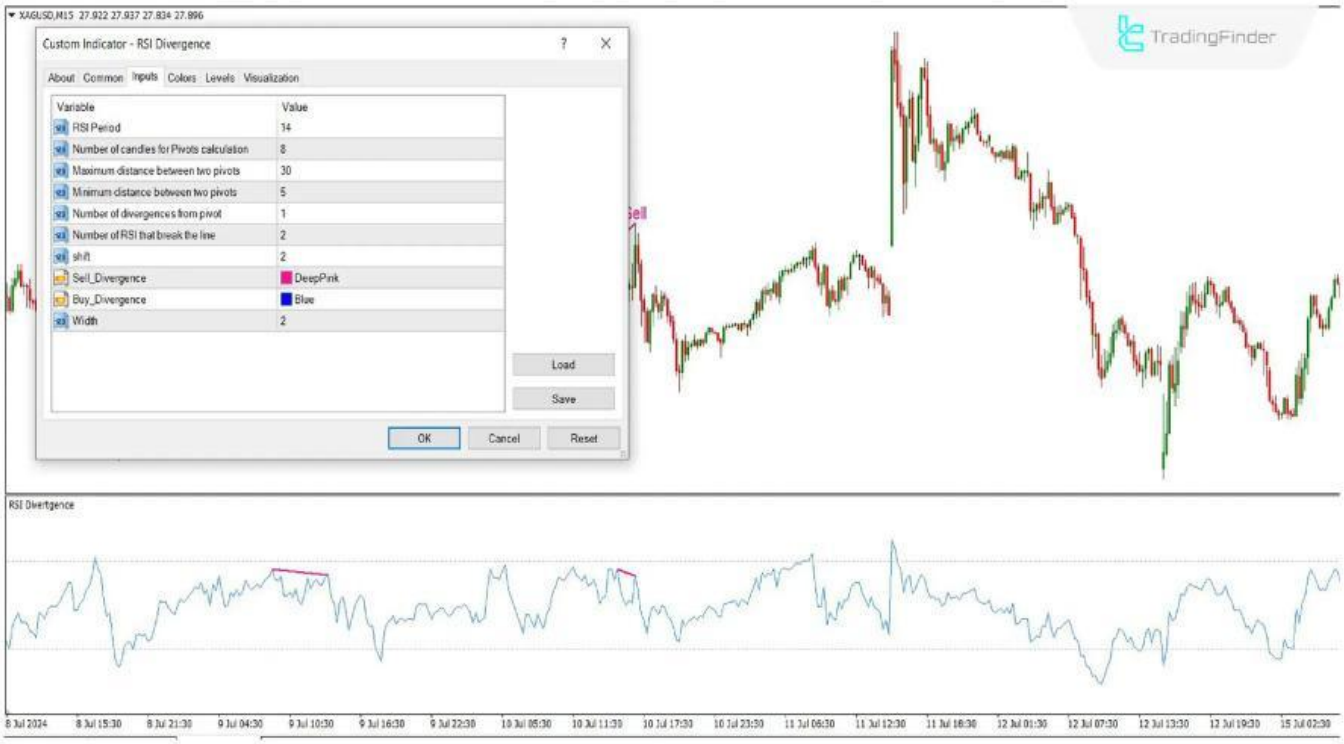
Take Profit and Stop Loss for Sell Signals

The price reaching the oversold zone can be considered to set the take profit, and the stop loss can be placed near the last high.



Sell Signal from the RSI Divergence Indicator

Settings of the RSI Divergence Indicator



Settings of the RSI Divergence Indicator

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- **RSI Period**: The RSI period is set to 14
- **Number of candles for Pivots calculation**: The number for pivot calculation is set to 8
- **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**: The number of divergences from each pivot is 1
- **Number of RSI that break the line**: The number of RSI line breaks is set to 2
- **Shift**: The shift is set to 2
- **Sell Divergence**: Set the color for sell signals to pink or any color you choose
- **Buy Divergence**: Set the color for buy signals to blue or any color you choose
- **Width**: The width of the divergence line can be set to 2

Summary

The RSI Divergence indicator is a technical analysis tool that helps identify divergence points in the Relative Strength Index (RSI). Divergences occur when the price movement and the RSI move in opposite directions. This type of **MetaTrader4 Price Action indicator** helps traders identify potential trend changes or the continuation of the existing trend.

Sources:

1- RSI Divergence Indicator for MT4:
https://tradingfinder.com/products/indicators/mt4/rsi-divergence-free-download/

2- RSI Divergence Indicator for MT5:
https://tradingfinder.com/products/indicators/mt5/rsi-divergence-free-download/

3- Watch it on YouTube:
https://www.youtube.com/watch?v=2TkW3vVtJkg

4- All Indicators:
https://tradingfinder.com/products/indicators/

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