ABCD and Three-Drive; Harmonic Patterns in technical analysis & Fibonacci ratios

Harmonic patterns, based on **Fibonacci ratios**, are among the tools used in **technical analysis**. The **ABCD pattern** and the **Three-Drive pattern** are two harmonic patterns that can be used to **identify reversal points** and **trend continuation** signals.



ABCD and Three Drive in Harmonic Patterns

What is the ABCD Pattern?

The **ABCD pattern** is one of the most basic harmonic patterns. It consists of four main points:

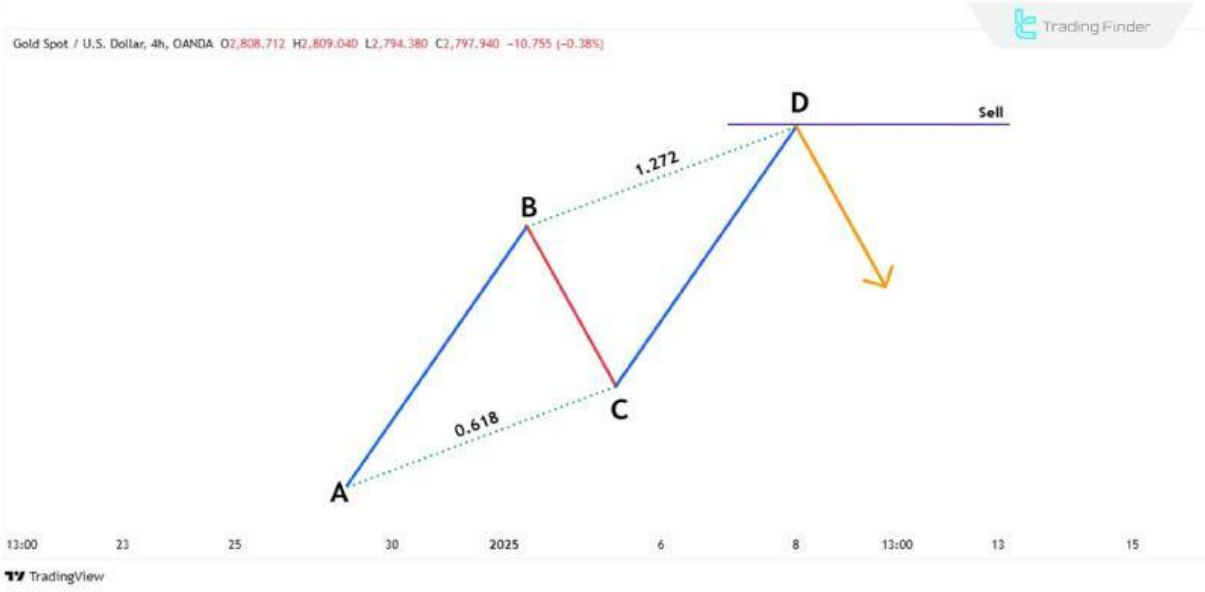
- Two price movements (AB and CD)
- One corrective wave (BC)

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Using **Fibonacci tools** is essential to detect this pattern. In this pattern, the BC correction should extend to the **0.618 level** of the AB wave, and the CD wave should continue to the **1.272 Fibonacci** extension of the **BC correction**.

You can use Trading Finder's indicators to make working with the ABCD pattern easier:

- **ABCD Indicator for MetaTrader 4**
- **ABCD Indicator for MetaTrader 5**
- **ABCD Indicator for TradingView**



Schematic of the ABCD Harmonic pattern in a bearish market where the entry point after the pattern completion is visible

When does the ABCD pattern form?

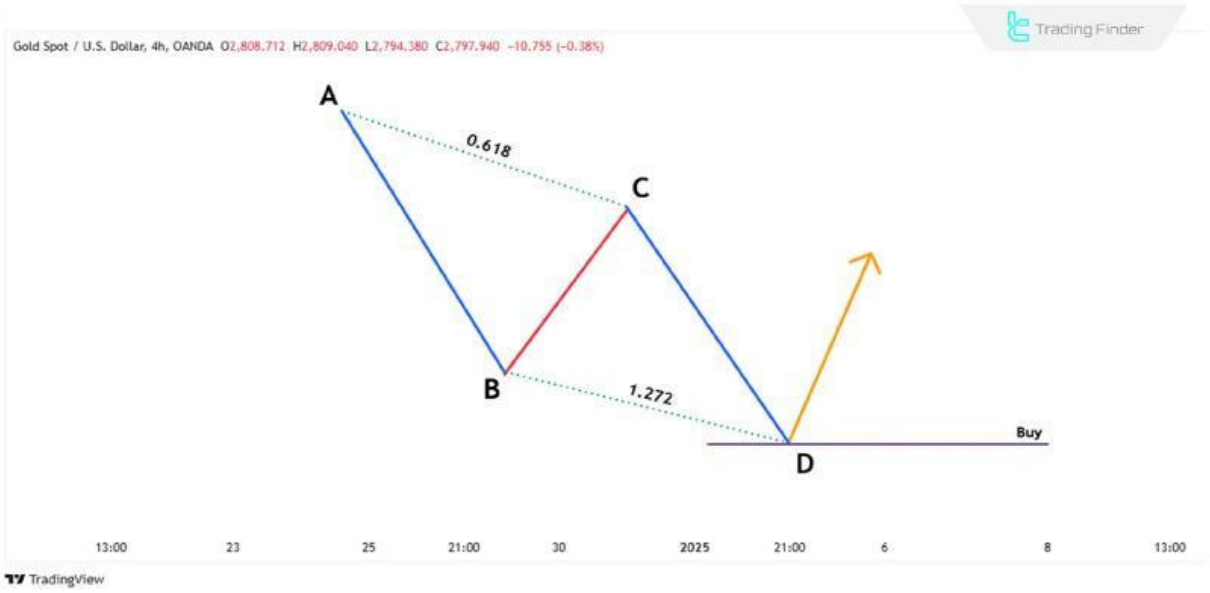
The **ABCD Harmonic pattern** is valid when the following conditions are met:

- The length of the **AB wave** should be equal to the length of the **CD wave**;
- The time taken for **price movement** from **A to B** should be equal to the time taken for price movement from **C to D**;
- The entry point into the trade is determined after the pattern is completed and the **price reaches** point **D**.

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To simplify the use of the **Three Drives pattern**, you can use the indicators provided by the **Trading Finder** collection:

- **Three Drives Indicator for MetaTrader 4**
- **Three Drives Indicator for MetaTrader 5**
- **Three Drives Indicator for TradingView**



Schematic of the ABCD Harmonic pattern in a bullish market where the entry point after the pattern completion is visible

What is the Three-Drive Pattern?

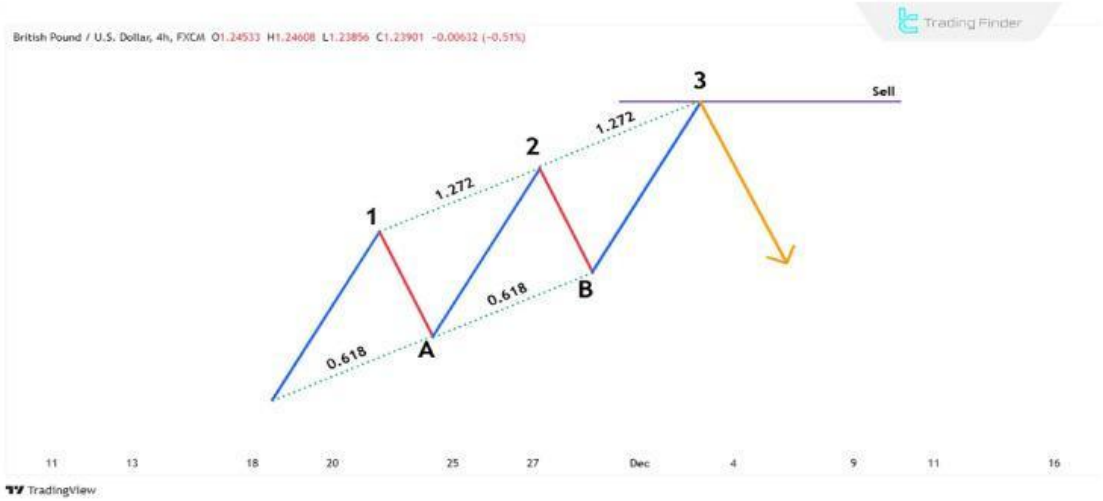
Although the **Three-Drive pattern** shares many similarities with the **ABCD pattern**, it has three price movements (Drive 1, Drive 2, and Drive 3) in alignment, with two corrective waves, **A and B**, formed between them.

This pattern resembles the **Elliott Wave's** five-wave structure and can predict **future price** movements.

In this pattern, point **A** must be at the **0.618** corrective level of the first wave, and **point B** should be at the 0**.618 corrective** level of the second wave.

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The second wave must extend to the **127.2% Fibonacci** extension of the A correctio; The third wave should extend to the 127.2% Fibonacci extension of the **B correction**.

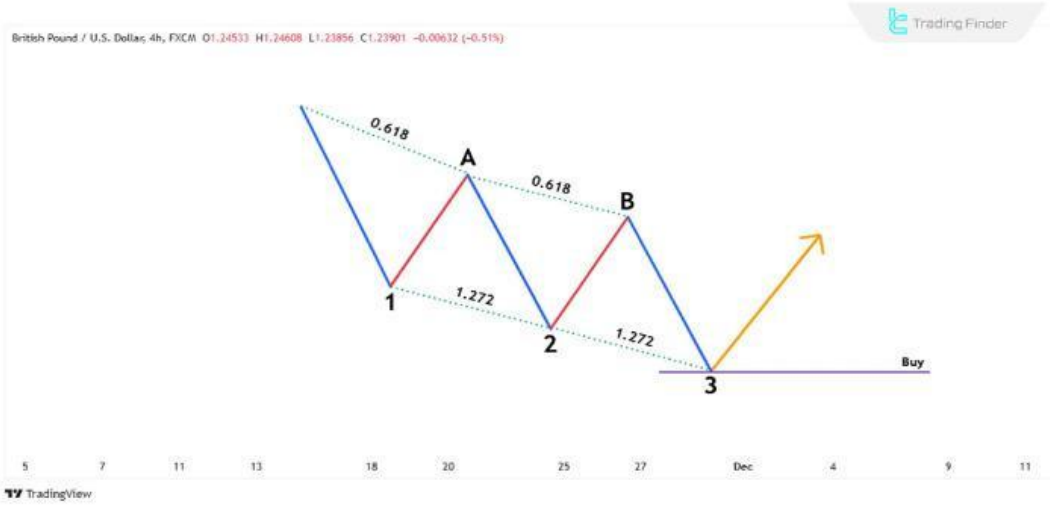


Schematic of the Three-Drive Harmonic pattern in a bearish market, where the entry point after the pattern completion is visible

When does the Three-Drive pattern form?

The **Three-Drive Harmonic pattern** will be valid when the following conditions are met:

- The time required to **complete the second wave** must equal the time required to complete the third wave;
- The time for **the A correction** should be equal to the time for **the B correction**;
- The entry into the trade occurs after the pattern is completed and the price reaches the final **point of Drive 3**.



Schematic of the Three-Drive Harmonic pattern in a bullish market, where the entry point after the pattern completion is visible

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Conclusion

The **ABCD** and **Three-Drive** harmonic patterns are some of the most important harmonic patterns in **technical analysis**. They help identify potential price reversal points using **Fibonacci ratios**.

Following the necessary conditions to validate these patterns and using tools like Fibonacci levels correctly enhances their accuracy.

source:

1.our website link :
https://tradingfinder.com/education/forex/three-drive-abcd/

2.all Education :
https://tradingfinder.com/education/forex/

3.TradingFinder Support Team (Telgram):
https://t.me/TFLABS


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