Diamond Pattern Indicator for MetaTrader4 Download - free - [TradingFinder]











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The **Diamond Pattern Indicator** is an indicator in **MetaTrader 4 Indicators** that automatically identifies one of the most commonly used technical analysis patterns, the **Diamond Pattern**, on price charts.

This pattern, which can appear in both**Bullish and Bearish** forms, helps identify **Reversal Points** on the chart and can indicate a change in the price trend.

The diamond pattern consists of four trendlines: two upper lines that act as resistance and two lower lines that act as support.

Indicator Table

Indicator Category	Chart & Classic Patterns
Platforms	MetaTrader 4
Trading Skills	Beginner
Indicator Types	Reversal - Entry and Exit
Timeframe	Multi-timeframe
Trading Style	All Styles
Trading Instruments	All Markets

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Overview

The **Diamond Pattern Indicator** identifies one of the most widely used and recurring patterns on price charts, which is very similar to the **Head & Shoulders** pattern and can provide suitable **Entry-Exit** points.

It is also beneficial for optimizing risk management and trading in line with solid trends in various markets. This indicator automatically identifies patterns where price compression has occurred, forming a diamond shape, and presents them to traders.

Buy Signal Conditions

The chart below shows the EUR to USD **(EURUSD)** currency pair in a 15-minute timeframe. The **Bullish Diamond Pattern** forms at the end of a downtrend, indicating a reversal of that trend. The formation of the diamond pattern indicates price compression and trading between buyers and sellers.

A trend reversal can be expected after breaking above the resistance level (upper trendline). For confirmation, this breakout must be accompanied by increased trading volume. After confirming the breakout, you can enter a**Buy** trade. The entry point is usually at the breakout level of the pattern's upper trendline.

Take Profit and Stop Loss for the Cup and Handle Pattern

You can set your stop loss slightly below the last low to manage risk. To determine the take profit, calculate the distance between the diamond's lowest point and the pattern's upper trendline (the diamond's depth) and add this distance to the breakout level.

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Bullish Signal for the Diamond Pattern

Sell Signal Conditions

The chart below shows the EUR to JPY **(EURJPY)** currency pair in a 5-minute timeframe. The **Bearish Diamond Pattern** forms at the end of an uptrend, indicating a reversal of that trend. The formation of the diamond pattern indicates price compression and trading between buyers and sellers.

A trend reversal can be expected after breaking the support level (lower trendline) below. For confirmation, this breakout must be accompanied by increased trading volume. After confirming the breakout, you can enter a**Sell** trade. The entry point is usually at the breakout level of the lower trendline of the pattern.

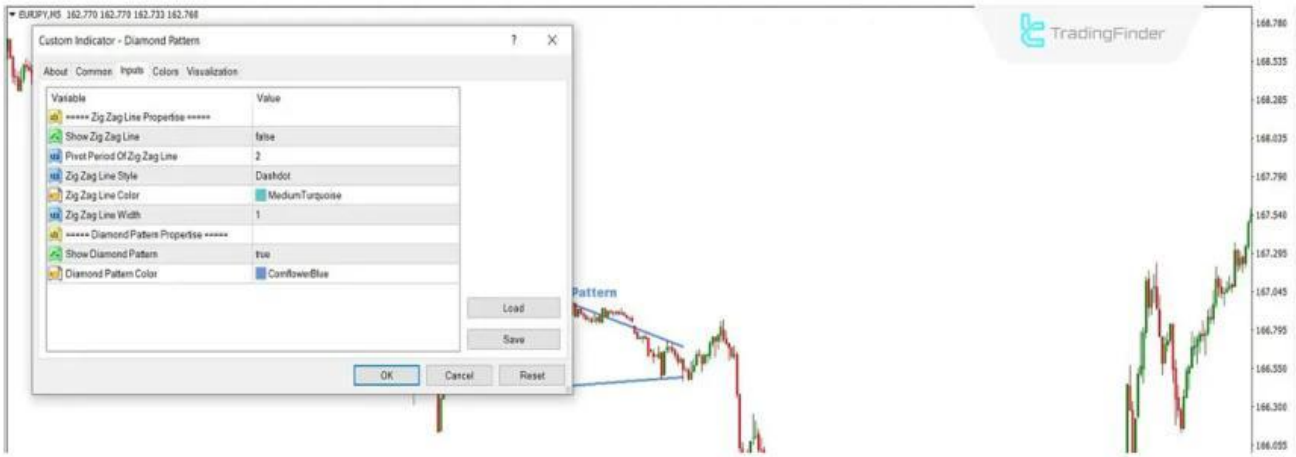
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To manage risk, you can set your stop loss slightly above the last high of the pattern. To determine the take profit, calculate the distance between the diamond's highest point and the pattern's lower trendline (the diamond's depth) and add this distance to the breakout level.



Bearish Signal for the Diamond Pattern

Diamond Pattern Indicator Settings



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- **Zig Zag Line Properties**:
- **Show Zig Zag Line**: Set to true to display the Zig Zag line.
- **Pivot Period of Zig Zag Line**: The Zig Zag line period is set to 2.
- **Zig Zag Line Style**: Displayed as a Dashdot line.
- **Zig Zag Line Color**: Blue, customizable.
- **Zig Zag Line Width**: Set to 1.
- **Diamond Pattern Properties**:
- **Show Diamond Pattern**: Set to true to display the pattern.
- **Diamond Pattern Color**: Dark Blue.

Summary

The **Diamond Pattern Indicator** is a powerful tool in **Technical Analysis** that helps traders identify suitable trading opportunities. For more effective use and better trading results, you can determine the **price trend** in higher timeframes and trade when the overall trend aligns with the diamond pattern.

Also, various technical analysis tools, such as **MetaTrader4 Buy Sell Pressure indicators**, should be used for further confirmations.

source:

1: https://tradingfinder.com/products/indicators/mt4/diamond-pattern-free-download/
2: https://www.youtube.com/watch?v=Dqb1hwR6rn4



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