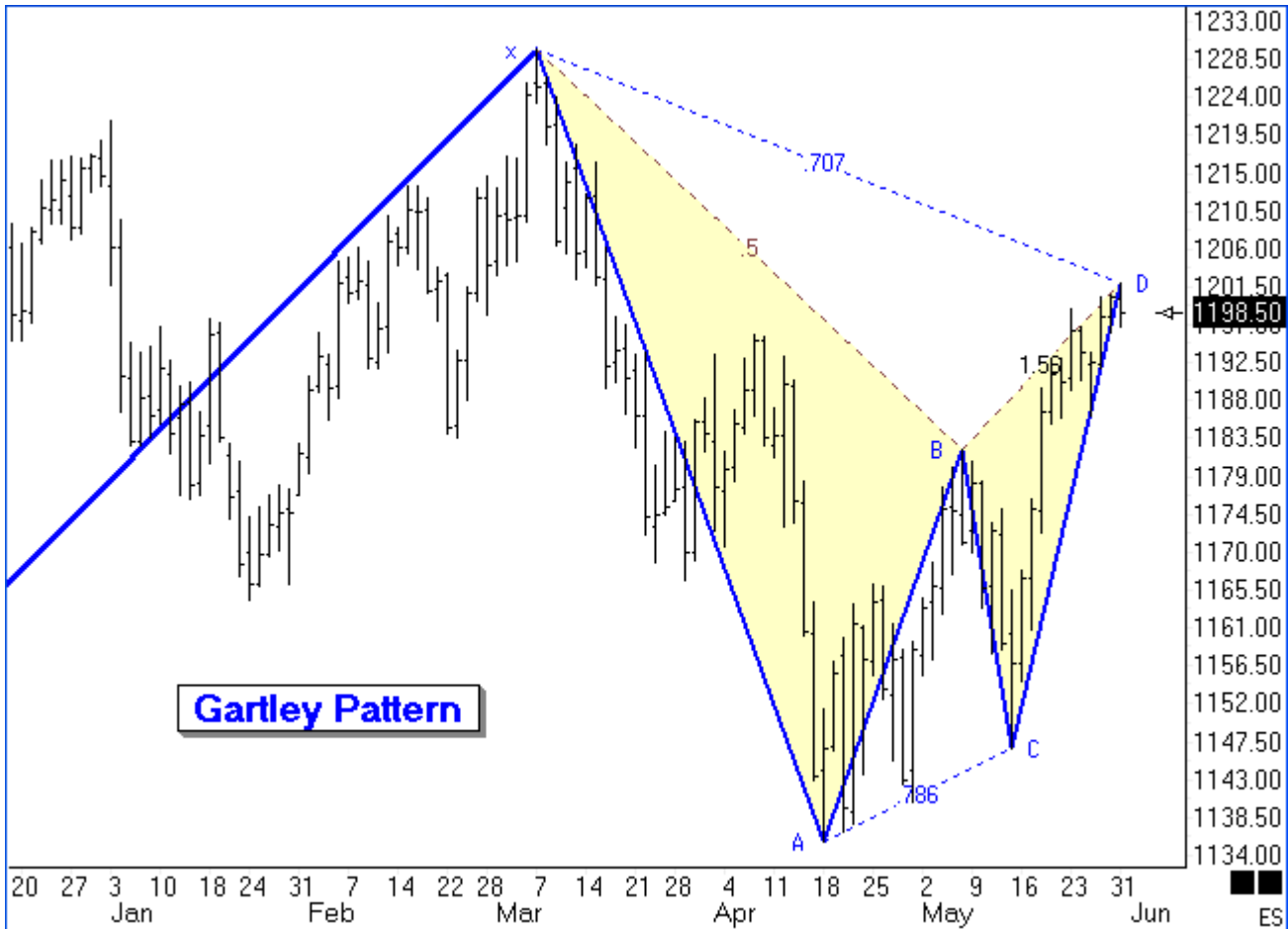


# Gartley Butterfly

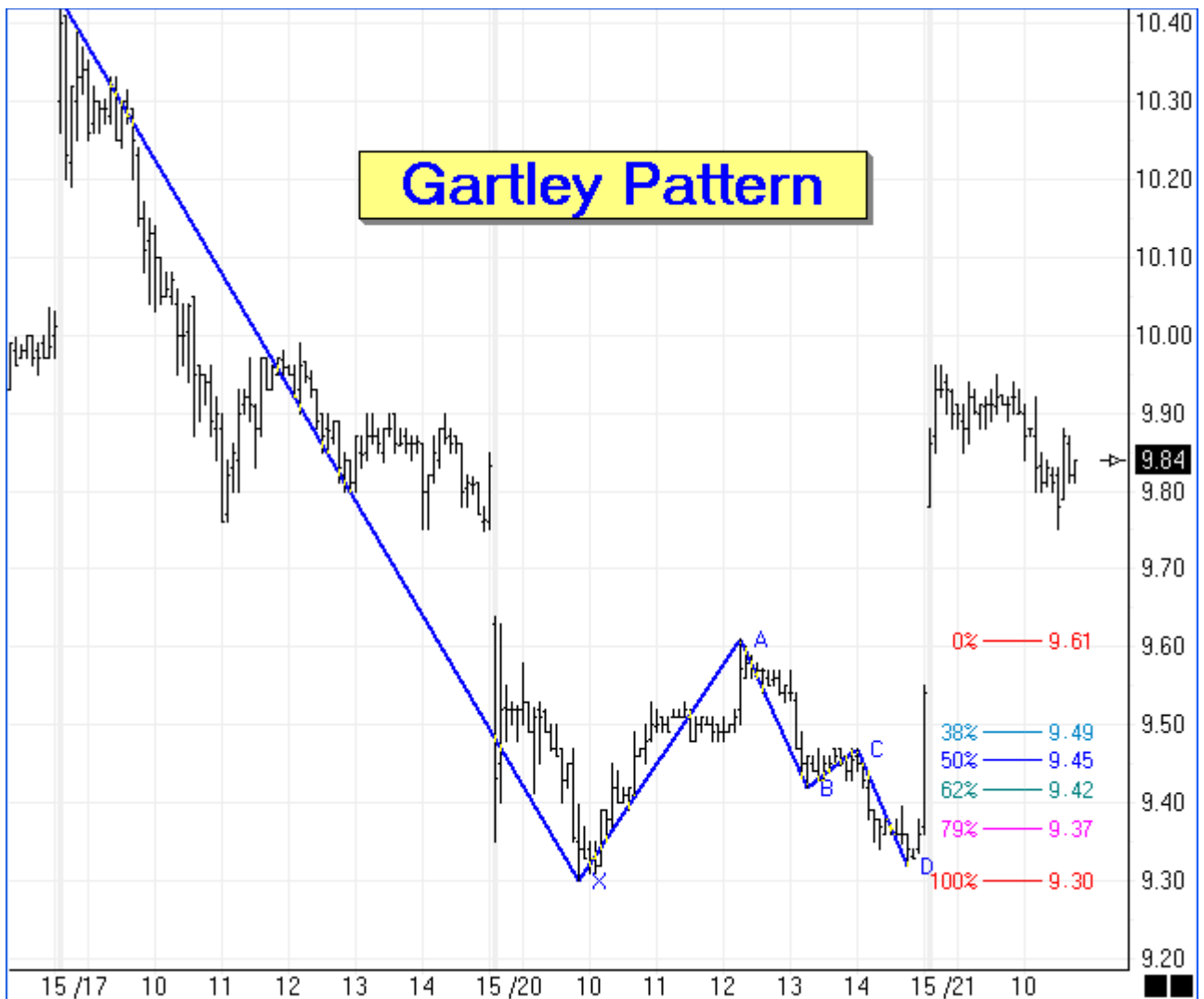
One of the formations that Larry Pesavento looks for is the Gartley pattern, which is named after H. M. Gartley who wrote '*Profits in the Stock Market*' in 1935. The following chart shows a Gartley Sell formation.



The market has had a sizeable move up to put in a top at point X, which is now considered a potential turning point. The Gartley pattern is one with an initial correction to point A, and then a 3 wave retest back towards the turn at point X. The 3 waves back up are labeled in the example as B-C-D. There should be symmetry in the retracement, namely A-B equals C-D. Point D should be around 0.618 of the X-A distance. The example shows point D at the 0.707 retracement distance. The principle is to sell point D with a protective stop above point X.

Keep in mind you do not initially pick X as the top. You wait for selling to move the market to point A, and then sell on the retracement approach back to X, looking for a three wave retracement pattern that fulfills a 0.618 retracement distance.

The inverse pattern at potential bottoms would be the Gartley Buy formation. Buy the retest approach to the bottom turn at the 0.618 retrace level, with a protective stop below the bottom turn price. The next example shows a very nice move up after the Gartley Buy formation.

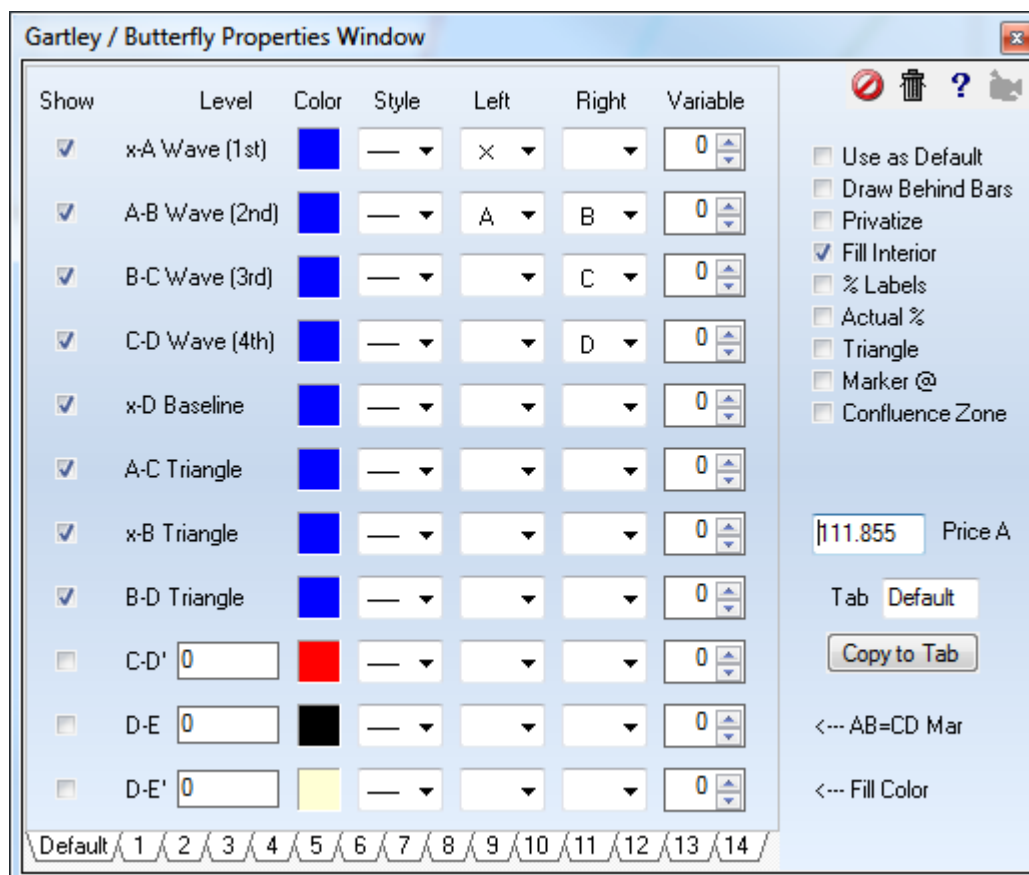


### How to Draw

The pattern is marked by clicking the left mouse button at point X, clicking at point A, and clicking on point D. The tool will automatically find points B and C between points A and D, and draw the lines as shown, fill the two triangle interiors with a shade color, and label the retracement percentages. The tool could also show extensions of the C-D leg, or reactions from point D to create a D-E line that is parallel to the x-A line.

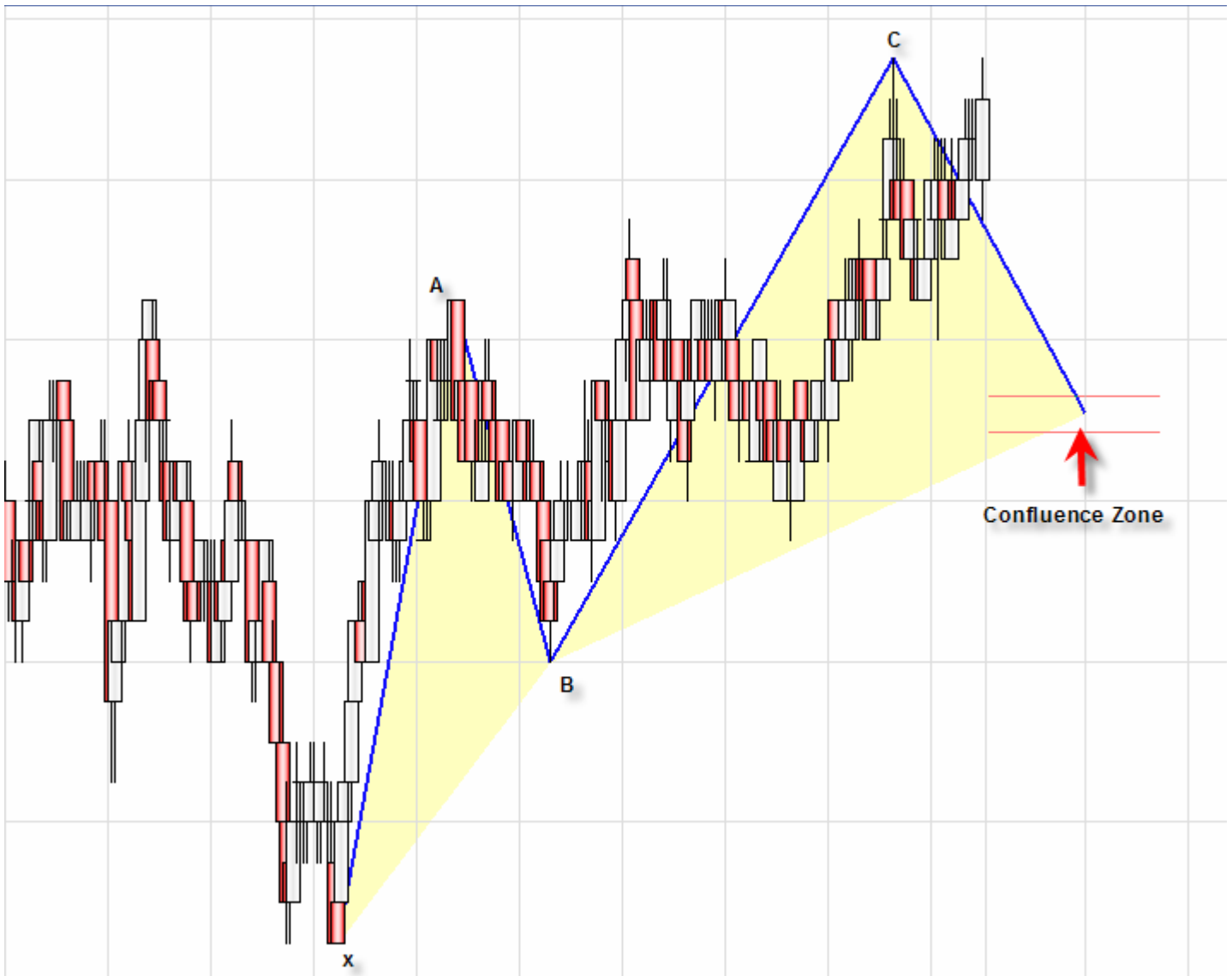
## Properties

Click the Chart Objects button, select Gartley / Butterfly , then click the Properties button to open the Properties window for the tool.



- **% Labels** - Select this box to display percentage labels on the Gartley lines.
- **Actual %** - Select this box to display actual percentages instead of the nearest Fib number.
- **Triangle** - Plots a Triangle based on the 3 draw points.
- **Marker @ AB = CD** - Plots a Marker at the price and time point where the move would end if AB = CD.
- **Confluence Zone** - Plots 2 lines on the chart that measure Fibonacci retracements of .382 and .618.
- **Price A** - You can manually enter the price for the first draw point if necessary.

## Confluence Zone



Check the Confluence Zone box to add a pair of line representing a target objective for the completion of the Gartley Butterfly pattern.

- The .382 line will use the color and line style and markers from Line C-D'
- The .618 line will use the color and line style and markers from Line D-E.

Uncheck the Fill Interior if you do not want the triangles filled. The swing down to B will be automatically determined and marked by the tool. So you drag from the overall trend from X to A and then to a 3rd point. 3rd point could be manually placed in the Confluence Zone like I did in the example.

A gradient fill between the 2 Convergence Zone lines can be shown with these settings on the C-D' and D-E rows of the property form.

<input type="checkbox"/>	C-D'	0			▼
<input type="checkbox"/>	D-E	0			▼