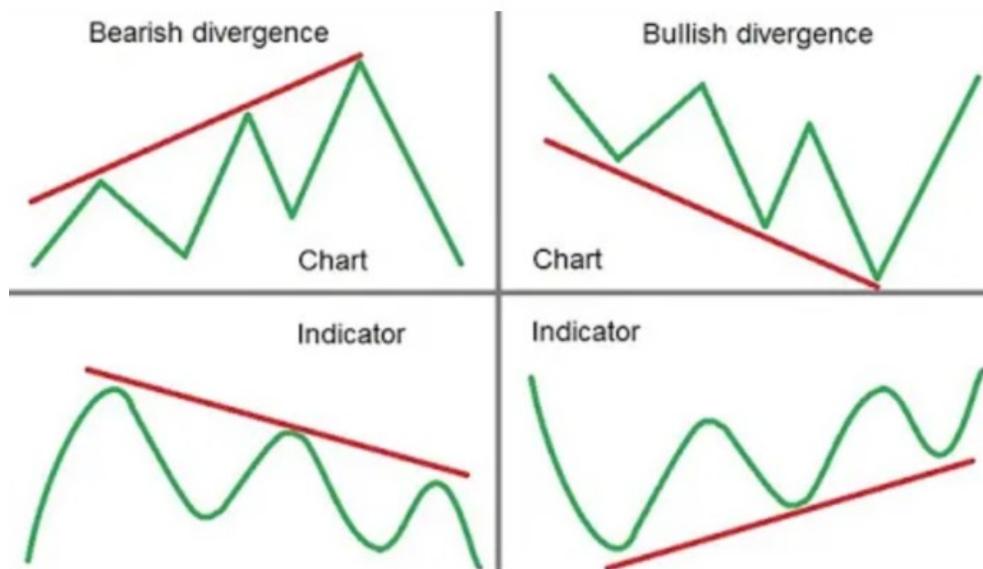


## DIVERGENCE TRADING USING BLOOM INDICATOR

Vladimir Stepanov

Divergence warns that the current price trend may be weakening, and in some cases may lead to the price changing direction.

The price and the indicator are pointing in opposite directions. When this happens the indicator indicates to us that the buyers or the sellers – depending on the trend – are losing power and a trend might stop and reverse. The RSI indicator (relative strength indicator) is one of the best indicators to indicate divergence.



You can use a short term divergence using H1 charts or lower time frame going for 10 – 15 pips with a SL of around 20 pips or higher time frames like H4 going for 30-50 pips with a SL of around 60 pips. This is not cast in stone so adapt your settings according to your risk tolerance.

An rsi above 70 is an indication of overbought levels and below 30 is an indication of oversold.

### Settings for RSI:

Relative Strength Index ? X

Parameters Levels Visualization

Level	Description
≠ 27	
≠ 73	
≠ 50	

Style: DarkBlue ----- \_\_\_\_\_

OK Cancel Reset

**I will now show you how to use the BLOOM INDICATOR and RSI indicator to trade this strategy:**

Herewith a typical example of a short on a Negative Divergence trade:



Here we can see that Bloom Indicator shows an uptrend but the rsi is showing lower highs while the price is still making higher highs. The Bloom MTF block indicator already shows an orange color on m15 and on H1 which is an indication of bears coming into play. A quick 15 pip scalp with a stop of 20 pips played out well for the day.

The best opportunity will of course be to watch for positive divergence of the rsi in an uptrend during a retracement of the price and negative divergence in a down trend during a retracement. The price will then in this case turn up if the trend is up and the rsi will turn up and vice versa for sells.

For example here were lots of opportunities for buy on pull backs with rsi showing positive divergence. If the price pulls away from the blue ribbon of the Bloom indicator and rsi makes higher highs it is a good buy opportunity in an uptrend.





Here the price pulls away to the down side of the orange ribbon and the rsi makes lower lows, so this is an ideal sell opportunity with the Bloom MTF blocks in the lower time frames turning orange!

You can use the panel on the chart of any of the EA's of the 3 authors, Stepanov; Stukov or Ramil to open a buy/sell position by clicking on "Open Buy" or "Open Sell". Just keep the NEW SERIES red and set your TP and Stop inside the settings of the EA