Twitter Thread by Aakash S Sawant



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A complete guide on "How to use MACD"

■

The thread will teach you.

■Building blocks of MACD

■How to interpret MACD signal

Bookmark the tweet for future reference

■retween to share

@bhatiamanu @kuttrapali26 @KommawarSwapnil

■The black dot is calculated by taking difference between 12ema and 26ema.

■9ema is applied on the blue line which results in the creation of an orange line which is also called the signal line

■Histogram is plotted by taking the difference between the blue and orange line



Using MACD line (blue color) for Trend identification

■If MACD line is above 0 - Primary trend +ve

■If MACD line is below 0 - Primary trend -ve



Identification of Trend-reversal

■when MACD line cross below zero line primary trend changes to -ve

■when MACD line cross above zero line primary trend changes to +ve



Identifying the starting point of corrections

■Histogram turning light red is starting of +ve correction (some time fall continues)

■Histogram turning light green is starting of -ve correction

■sometimes light red/green color will also indicate starting of consolidation



■When Histogram changes from light red into dark green it confirms +ve correction

■When Histogram changes from light green into dark red it confirms -ve correction



Did you learn something new?