

TradingFinder > Education > Forex Education > Trading with Hidden Divergence in Technical An...

Trading with Hidden Divergence in Technical Analysis; Bullish and Bearish

Categories: Forex Education Technical analysis Education Indicators Education Trading Education

Article Level: Intermediate

Writer: Ram Nisha | Reviewer: Nino Gogochashvili | Fact checker: Arjun Mandal | Modified: Jun 2, 2025

Comments: 0

Views: 212

6 Min

Hidden divergence is a concept in **technical analysis** defined based on **indicators**. Traders use it to identify **trend continuation**.

Unlike **regular divergence**, this type of divergence indicates the continuation of the current price direction.



How to Use Hidden Divergence in Technical Analysis

What is Hidden Divergence in Technical Analysis?

Hidden divergence in **technical analysis** occurs when the price continues the trend, but the indicator shows signs of apparent **changes in movement**.

Unlike regular divergence, which refers to trend reversal, hidden divergence typically indicates **trend continuation** and confirms the **market's direction**.

This concept applies to various **financial markets, including stocks, cryptocurrencies, and the forex market**. Hidden divergence in forex is considered one of the key methods for identifying trend continuation opportunities.

Types of Hidden Divergence in Technical Analysis

In general, hidden divergences occur in two forms:

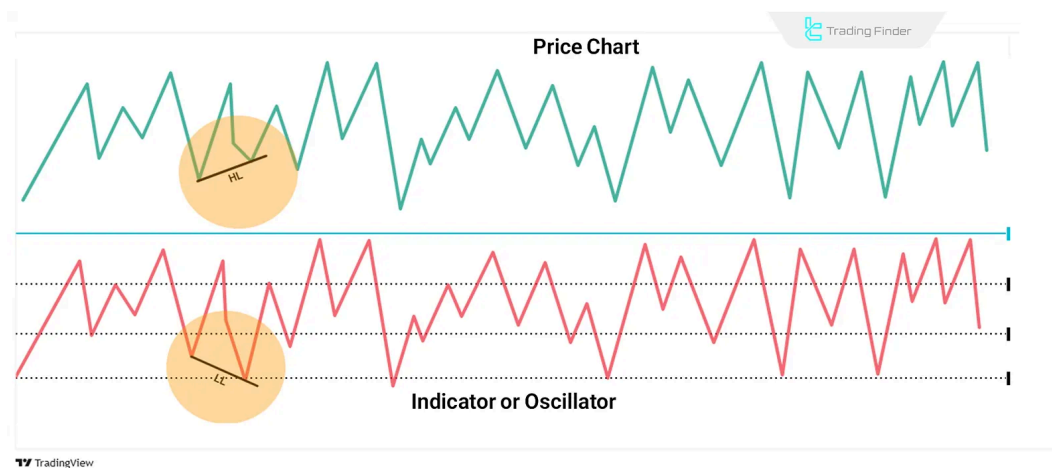
- ⚡ **Bullish**
- ⚡ **Bearish**

Bullish Hidden Divergence

Bullish hidden divergence occurs when the price forms a **higher low**, but the indicator shows a **lower low**.

This situation typically appears in an **uptrend** and can signal the **continuation** of the price increase.

In the image below, an example of a **bullish hidden divergence** is visible:



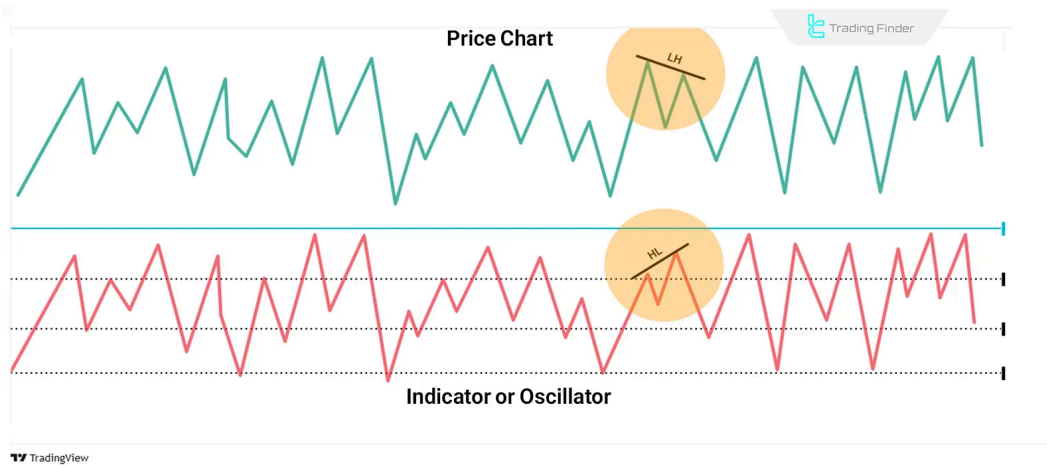
A sample of bullish hidden divergence indicating the continuation of the uptrend

Bearish Hidden Divergence

Bearish hidden divergence occurs when the price forms a **lower high**, but the indicator shows a **higher high**. This situation is usually observed in **downtrends** and acts as a signal for the continuation of price decline.

Trading with hidden divergence in these conditions can be useful for trading opportunities in the market's bearish direction.

In the image below, an example of **bearish hidden** divergence is visible:



A sample of bearish hidden divergence indicating the continuation of the downtrend

Trading with Hidden Divergence in Technical Analysis

Trading with hidden divergence in technical analysis requires **high precision** and the **use** of **confirmation** tools. **Steps to trade with hidden divergence:**

#1 Identifying Hidden Divergence

First, you should check for **hidden divergence** between the price and the indicator. To do this, use indicators like **RSI**, **MACD**, and **Stochastic**.

#2 Confirming the Signals

To ensure the accuracy of the **hidden divergence** signal in technical analysis, it's better to use other tools like **candlestick patterns**, **trendlines**, and **Fibonacci levels**.

#3 Entering the Trade

Once the divergence is confirmed, you can **enter the trade**. In the case of **bullish hidden divergence**, you can enter **a buy position**, and in the case of bearish hidden divergence, you can enter a sell position.

#4 Risk Management

Set **stop loss and take profit** levels to prevent significant losses in case of **market changes**.

Comparison of Hidden Divergence with Regular Divergence

Regular divergence occurs when the price and the indicator **move in opposite** directions and is usually considered a sign of weakening the current trend and the potential for its reversal.

In contrast, hidden divergence happens when the **price moves** in the direction of the dominant trend, contrary to the indicator, and this situation typically confirms the **continuation of the trend**.

Simply put, **regular divergence** points to a market direction change, while hidden divergence strengthens the likelihood of trend continuation.

Is Hidden Divergence Usable in Forex?

Hidden divergence in forex is one of the **popular analytical** methods for identifying trend continuation points in currency pair price charts.

Using this concept, traders can stay in the **dominant trend** direction and use short-term corrections for **lower-risk entries**.

Conclusion

Hidden divergence in **technical analysis** is a tool for identifying trend continuations in financial markets. Hidden divergence is recognized by **comparing** the behavior of price and **oscillators** (indicators).

Trading with this method is particularly useful **in forex, stocks, and cryptocurrencies** and helps improve **trading strategies**, including trading with **support** or **resistance breakouts**, swing trading, and price action patterns.

FAQs

What is Hidden Divergence in Technical Analysis? ▼

Hidden divergence occurs when the price continues its trend, but the indicator shows signs of **apparent changes in movement**.

How to Identify Bullish Hidden Divergence? ▼

In bullish hidden divergence, the price creates a higher low, but the indicator shows a lower low.

What is the Difference Between Regular Divergence and Hidden Divergence? ▼

Regular divergence signals a potential trend change, while hidden divergence refers to the **continuation of the current trend**. In other words, regular divergence is seen as a signal for trend reversal, while hidden divergence is a signal for trend continuation.

Which Indicators Are Suitable for Identifying Hidden Divergence? ▼

Indicators like RSI, MACD, and Stochastic are used to identify hidden divergence. These tools help recognize divergences by comparing price movements with indicators.

How to Use Hidden Divergence in Forex Trading? ▼

In forex, hidden divergence is used to identify trend continuation points. This technique can be combined with other technical analysis tools like moving averages and support/resistance levels.



5 From 5.0

(1)

Rate this post



Table Of Content



What is Hidden Divergence in Technical Analysis?

Types of Hidden Divergence in Technical Analysis

Trading with Hidden Divergence in Technical Analysis

Comparison of Hidden Divergence with Regular Divergence

Is Hidden Divergence Usable in Forex?

Conclusion

Top Posts



What is an ICT Order Block and How to Trade It?

Ram Nisha | Dec 23, 2024

8,219 Views



Turtle Soup Strategy from ICT Style

Arjun Mandal | Dec 23, 2024

7,787 Views

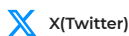


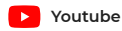
Break of Structure (BOS) on ICT

Eda Kaya | Dec 22, 2024

7,761 Views

Our Social Media





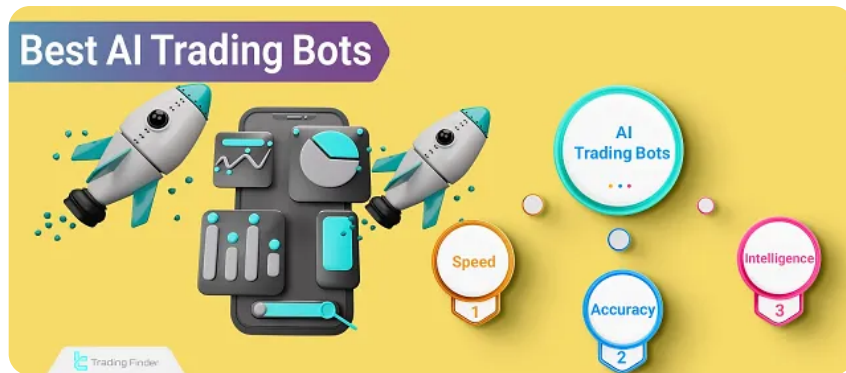
Latest Articles



RTM Diamond Pattern; Reversal Formation at Primary Market Highs and Lows

Forex Education

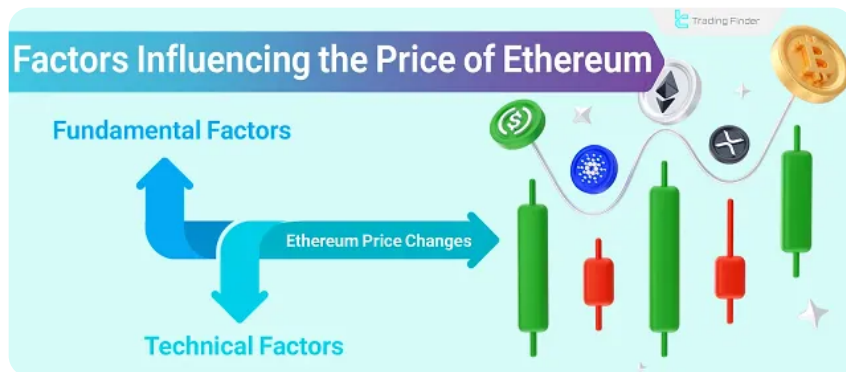
Davit Kvaratskhelia | Jul 1, 2025



Introducing the Best AI Trading Bots; Trade Ideas, Tickeron, and Pionex

Interesting Financial Articles

Nino Gogochashvili | Jun 29, 2025



Factors Impacting Ethereum Price: News, Global Economy, and Trading Volume

Interesting Financial Articles

Rajesh Sharma | Jun 28, 2025



Complete training in financial markets such as "Forex," "Stock Market," and "Cryptocurrencies" only becomes comprehensive with tested trading tools and strategies. "Trading Finder," with its experience, aids traders and investors in gaining a correct understanding and deep learning. The training programs are designed based on tools for traders of all levels, from "beginner to advanced."



 English (EN) 

About Us

Our Team

Advertisement

Indicators & Oscillators

Trading Tools

Contact Us

Jobs

Affiliates

Products

Trading Tools

Forex Methodology

Report a Bug

Our Scores

Financial Market Education

Risk Disclosure:

Participating in financial markets involves high risk, which can result in the loss of part or all of your investment. There are no

[Show More](#) 

Disclaimer:

[TradingFinder.com] assumes no responsibility for any potential losses or damages. All decisions are the sole responsibility of

[Show More](#) 

Disclosure of revenues and advertisements:

The "TradingFinder" platform offers various services, some of which, like introductions, are free, while others, such as our

[Show More](#) 

[Privacy Policy](#)

[Risk Warning](#)

[Cookies Policy](#)

[Copyright and Idea Submissions](#)

[Terms and Conditions Agreement](#)

© 2025 TradingFinder, Inc. All rights reserved.