How I Use Harmonics

A look inside the actual process — not theory, but the method I run every day.

Introduction

Most people who teach harmonic trading can show you what a pattern looks like. Far fewer can show you how a pattern fits into a complete decision-making process — what comes before it, what confirms it, and just as importantly, what makes them walk away. This document is that process. It is the way I read the market, build a plan, manage risk, refined over years of trading rather than borrowed from a textbook.

1. The Process, Step by Step

Before I look at a single pattern, I look across the market. I start with the cross-market picture: the Dollar Index and the U.S. 10-year bond, alongside the fundamental news of the last few days, to understand the prevailing sentiment. This context shapes how I read everything that follows.

I trade mainly three instruments: Gold, EUR/USD, and Bitcoin. For each, I work from the top down — beginning on the monthly chart and stepping through the timeframes down to the H1. This builds a trading plan that I then update live, every day, as the week develops.

The first thing I scan for is harmonic patterns: both the ones that have completed and the ones still developing. I do this across all timeframes, and on occasion I will zoom out to the 3-month, 6-month, and yearly charts to understand the bigger structure. After the harmonics, I look at classic directional patterns.

By the time I have worked through the higher timeframes, the intended direction for each instrument becomes clear. Only then do I move into building the trading plan itself.

2. How I Confirm a Setup

A pattern on its own is not a trade. To turn a "maybe" into something I will act on, I need confluence.

I use the MACD to confirm trend and direction on every single timeframe, and I only take trades in the direction of the higher timeframes. My core confirmation is a harmonic pattern forming, or already formed, at a specific location on the chart. These locations are confluence zones — areas where a bounce is highly likely, and where traders get the opportunity to move their stops to protect the position.

I also read the price action leading into a pattern's completion. Is the move accelerating into the zone, or is it a gradual, choppy retracement? And did the previous pattern complete all of its targets? These details tell me how much trust to place in the setup.

3. My Filters — What Makes Me Pass

This is where discipline separates a trader from a pattern-spotter. Even when a pattern looks textbook-valid, I will pass it under certain conditions.

A break of a confluence level is a major deal-breaker. So is the MACD switching its signal in the middle of a move — that tells me the momentum I was relying on has changed. And fast acceleration into an important support or resistance area is a warning sign rather than an invitation. Any one of these is enough for me to stand aside, regardless of how clean the pattern appears.

4. Risk and Management

For the higher timeframes, I use a split-position entry rather than committing everything at once. My default stop on the H4 to H1 timeframes is 200 pips.

When a setup appears on the 5-minute chart that aligns with everything else in the plan, I advise my traders to use a much tighter stop — as small as 50 pips — because the precision of the lower timeframe allows it.

Once in a position, the confluence zones do double duty: as price bounces from them, they give natural points to move stops and protect the trade.

5. An Honest Worked Example

The trade I want to walk through is a Gold (XAU/USD) setup I took on the H4 last week of May 2026, and it shows the process working end to end. Coming into it, the cross-market picture was doing the heavy lifting: I was watching the U.S. 10-year bond and the Dollar

Index together to read the prevailing sentiment, and the backdrop lined up with the long I was building from the top down.

The pattern itself was a Butterfly completing on the H4. What turned it from a "maybe" into a trade I would act on was the confluence stacked behind it. Gold was oversold on both the monthly and the weekly, and on the monthly the MACD signal line was testing — exactly the kind of higher-timeframe agreement I need before I commit. The price action into the D-point gave me a clean location to lean on rather than a fast, panicked acceleration into support, which would have been a reason to pass.

I entered at 4372 with my stop at 4352 — a 200-pip stop that the precision of the zone allowed — and set my targets at 4565 and 4650. What actually happened: price touched 4370, held, and ran straight to 4565, hitting the first target in full. The whole sequence is documented on my X (Twitter) feed.

The takeaway is that none of this came from the pattern alone. The Butterfly was the trigger, but it was the cross-market context, the oversold higher timeframes, and the MACD agreement that gave me the conviction to take it and the discipline to know it was worth the risk. That is the difference between spotting a pattern and trading a plan.