

Nirvana's

CHART PATTERN Recognition Module 4



7 NEW Patterns

*Double and Triple Tops & Bottoms,
Cup & Handle, Head & Shoulders,
and more!*

Chart Pattern PROFIT ANALYZER
*NOW—Find the BEST Patterns
for YOUR Symbol List!*

One of the Most Powerful Trading Products Ever Released!



Ed Downs
CEO and Founder,
Nirvana Systems, Inc.

I am thrilled to introduce our latest and most advanced pattern recognition add-on for OmniTrader and VisualTrader—**Chart Pattern Recognition Module 4**. CPRM is our most popular add-on for good reason—Chart Patterns are the best way to measure the psychology of any market. With CPRM4, we have once again extended our lead in pattern recognition technology.

When we started working on this version, one of our goals was to add new patterns that would help our users make money. We studied the writings of various experts (including *Trading Classic Chart Patterns* by Thomas Bulkowski) to identify powerful new patterns to add.

“What is most amazing about the new patterns is how profitable they are! ”

CPRM4 has **7 NEW** patterns: Double Tops & Bottoms, Triple Tops & Bottoms, Head & Shoulders, Cup & Handle, Scallops, Channels, and Ranges. But what is most amazing about these new patterns is how profitable they are.

Running CPRM4 on the stocks in the S&P 100 on the recent 3 years of daily data, we were thrilled to discover that some patterns, including Head & Shoulders, Double Bottoms and the Cup & Handle patterns are testing over 80% accurate!

How did we measure them? With the new **Chart Pattern Profit Analyzer**.* This feature includes new filters and reports that are incredibly valuable. Now, you are going to instantly be able to measure the historical profitability of the chart patterns in your Symbol list, making it much easier to determine which ones to use in the future.

NOW—Know Which Patterns to Use on Your Symbols

Just click “Report” on the Profit Analyzer interface (see page 11) to confirm what we already know—chart patterns are extremely profitable.

We also know that some patterns work better on Stocks than on Futures, and others work better in Real Time vs. End of Day. With CPRM4, you are going to know precisely which patterns to activate for the best results.

For a limited time, we are including **The POWER of CPRM4** Live Education Webinar FREE with your purchase of the module. See page 14.

With seven important new patterns PLUS the ability to test the historical profitability of ALL patterns on your list, CPRM4 is sure to make a huge difference in your trading. And of course, CPRM4 comes with our money-back guarantee. Prepare to be amazed at the ‘moves’ CPRM4 identifies *before they happen*. This is what Technical Analysis is all about.

Sincerely,

Ed Downs
CEO and Founder,
Nirvana Systems, Inc.

* For details on how accuracy is measured see, www.omnitrader.com/CPRM4performance

Automatic Chart Pattern Recognition

Advancing the State of the Art!



It has often been said that a picture is worth a thousand words. It may in fact be worth thousands of dollars.

For the chart on this page, CPRM4 was activated at Strength "5" which told it to ONLY identify and display the patterns with the greatest strength and the highest probability for success (see *Strength* next page.)

One picture can be worth thousands of dollars.

You can also see some of our NEW patterns, including a Head & Shoulders and a Cup & Handle pattern. These new patterns are showing great profitability in the new Chart Pattern Profit Analyzer described below and on page 11.

CPRM4 is extremely robust. There is no optimization and the pattern signals never change. Never before has this kind of tool been available to individual traders.

Profitable Patterns Appear Automatically!



Introducing the **Chart Pattern PROFIT ANALYZER**

See
page 11

NOW—Find the Best Patterns for YOUR SYMBOL LIST

The new Chart Pattern Profit Analyzer is by far the most important feature of CPRM4. This powerful new tool enables you to compare pattern performance on past data, making it much easier to determine which patterns to use in live trading.

The report uses optimal exits in order to produce the best possible comparison of relative performance. In this report on the S&P 100 over 3 years of daily data, we found that the Broadening Continuations (Long Term) were identified 144 times, with Profit per Trade of 9.73% and accuracy of 85%.

Pattern	Term	#	PPT	HR	APR	ADD
Broadening Bottom	Short	524	0.93	61.45	58.43	4.09
Broadening Bottom	Medium	198	3.59	73.23	90.4	4.58
Broadening Bottom	Long	12	4.73	75	65.28	5.76
Broadening Continuation	All	2748	1.49	63.03	53.23	4.03
Broadening Continuation	Short	2046	0.43	59.34	29.17	3.98
Broadening Continuation	Medium	558	3.26	70.97	100.11	3.68
Broadening Continuation	Long	144	9.73	84.72	213.43	6.04
Broadening Reversal	All	697	1.56	66	80.57	3.02
Broadening Reversal	Short	654	1.25	65.29	80.89	2.96
Broadening Reversal	Medium	14	5.7	78.57	68.95	3.22
Broadening Reversal	Long	29	6.58	75.86	79	4.13
Broadening Top	All	1020	1.74	64.22	43.36	3.97
Broadening Top	Short	583	0.45	59.86	29.1	3.1
Broadening Top	Medium	316	2.76	71.52	65.92	4.58
Broadening Top	Long	121	5.29	66.12	53.17	6.57
Flag, Falling	All	68	1.52	69.12	39.74	2.2
Flag, Falling	Short	65	1.23	67.69	35.95	2.24
Flag, Falling	Medium	2	11.05	100	172.61	1.28

It's the **STRENGTH** That Counts!

How We Solved the Chart Pattern Recognition Problem

It's actually not that difficult to just "find patterns." The HARD part is finding the good ones. When we created the Chart Pattern Recognition Module, we took a different approach that truly does "separate the wheat from the chaff." Here's how we did it.

Finding the Patterns: First, we painstakingly wrote code to recognize each of the 7 Chart Patterns that I teach in my seminars—Gaps, Support/Resistance, Saucers, Fibonacci Retracement, Volume Climax, Consolidations, and Trend Lines, plus Candles.

Measuring the Patterns: We characterized each pattern according to visible criteria such as Trend Line touches, angle and so on, similar to what Thomas Bulkowski did in his book, *Trading Classic Chart Patterns* (except that our factors are different).

Ranking the Patterns: We then found all patterns in the stock market over 20 YEARS of market data. For each pattern variation (such as, a Lower Trend Line with 3 touches and a slope of 20 degrees) we saved off accuracy and profitability statistics in a patterns database.

From this information, we were able to define strength ratings from 1 to 5. The "1" rating shows ALL patterns while a "5" rating shows the best patterns according to profitability. Each pattern has its own strength rating factors that are user-adjustable (see page 12).

The result is an automatic ranking system that allows us to only show the BEST patterns (or ALL patterns if we want more general confirmation). An example of patterns at different strengths is shown at the right. You can see that, at Strength 5, virtually all the patterns were profitable. The pattern strength rating system separates the most profitable patterns from the mediocre ones and is totally unique to CPRM4.



Recognizes All These Important Chart Patterns

PLUS 7 BRAND NEW PATTERNS in CPRM4!
See next page.

After studying the market for over 25 years, I have come to the conclusion that 7 patterns are important for confirming technical signals. I discuss these patterns in my book, *The 7 Chart Patterns that Consistently Make Money*. Each pattern identifies and takes advantage of a specific psychology in the market.



Support (or Resistance) is a price that buyers and sellers have “agreed” on as proper value for a stock. As price approaches a Support level, buyers increase. Because there are more buyers than sellers, price “bounces” off the Support level. Sometimes, however, price will “drop” through a clear Support level. A steep decline occurs as more sellers dump their holdings.



Trend Lines are essentially sloped Support or Resistance zones. Trend Line Breaks offer powerful confirmation of a move, especially if the line is well-formed and obvious to the market. Similarly, as price approaches a valid Trend Line and reverses, the market sees the reversal and reacts to it, fueling the move in the direction of the reversal.



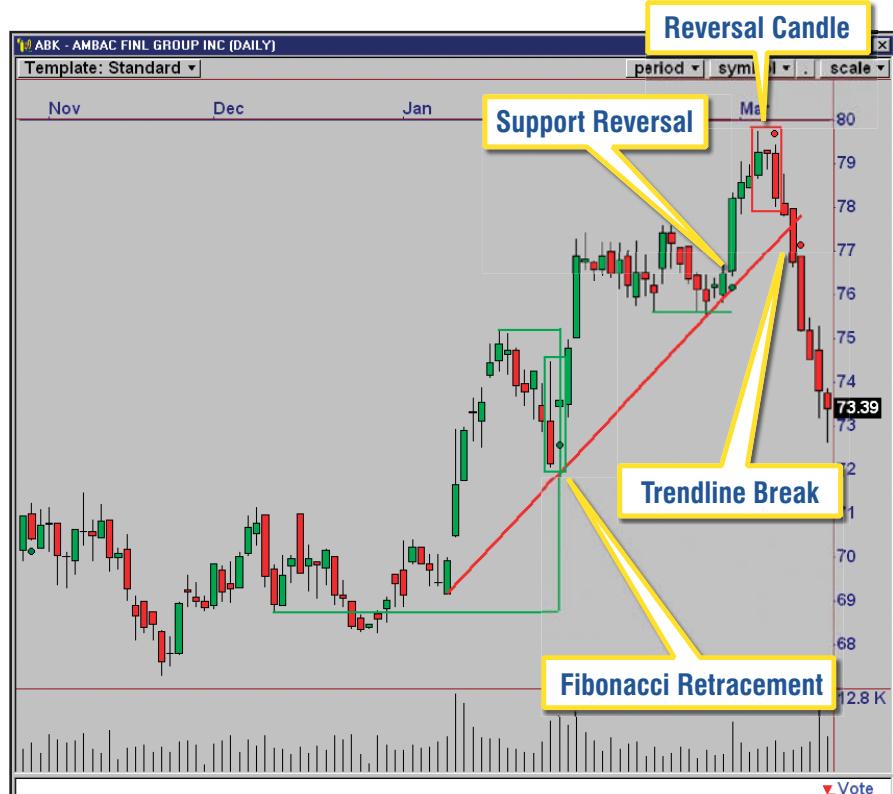
Saucer Patterns are fairly rare, but show us a smooth transition in price from down to up. Market participants see the smooth change in trend and begin buying in anticipation of a follow-through. Again, a self-fulfilling behavior.



Fibonacci Retractions demonstrate an interesting aspect of human psychology. As markets retrace 38%, 50% or 62% of a prior move, buying or selling will come in as the participants anticipate a reversal.



Price Gaps indicate sudden changes in supply or demand. If there is good news, for example, a lot of buyers (or sellers, if the news is bad) will enter orders during the overnight session. When that happens, a price gap forms. These imbalances in supply or demand are indicative of internal pressure and further price movement.



This chart for ABK shows several key patterns identified by CPRM4. Often, multiple patterns will fire in rapid succession, such as the Reversal Candle and Trend Line Break that occurred in March. With these patterns, the highest level of confirmation is achieved.



Volume Climax is another interesting phenomenon that I discovered several years ago. As price reaches a low (or high) point, volume can pick up. If at a low, this occurs because more sellers are “giving up” and selling. As price starts to reverse, there are few sellers, so it takes very little pressure to rally the stock.



Consolidations are very powerful and predictive patterns. When a tight range forms, AFTER a significant move up or down, we look for a break out of the range as a highly confirmed sign that a continuation move will occur.



Candle Patterns are identified with strength values assigned based on performance. It is uncanny how often bullish or bearish Candle Patterns lead to a reinforced move in the market.

Examples of these patterns can be seen throughout this brochure. **CPRM4 offers a comprehensive, accurate package for identifying the most important psychological Chart Patterns.**

7 POWERFUL NEW Patterns in CPRM4!

For CPRM4, we reviewed the universe of Chart Patterns to identify those that would make the biggest difference in our customers' trading.

This page illustrates the new patterns that are built around the Top & Bottom concept. Double Tops & Bottoms are the most frequent and we have been very impressed with the profitability of these new patterns.



Double Tops & Bottoms

Double Tops & Bottoms appear fairly often in charts. While Support and Resistance levels are useful, Double Tops & Bottoms identify bounces off recent highs and lows, providing excellent trading opportunities. This is a great short term trading pattern, taking advantage of clearly identified Support and Resistance.

The pattern seeks to confirm a bounce, and signal the pattern on the first solid move away from the level. We actually generate several pattern "dots" at different points in the move—an early, intermediate and highly confirmed bar. This gives us several opportunities to act on the pattern.



For Double Tops & Bottoms we post 3 pattern signals: early, intermediate, and highly confirmed.



A recent Double Top on Amazon with 3 entry points.

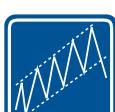


Triple Tops & Bottoms

Even though these patterns appear rarely, when they do they are quite powerful. Typically, when a Support or Resistance level is touched multiple times, the market will react to it. That's when YOU want to consider taking action—ahead of the crowd.



A Channel forms on WAG for a profitable move.



Channels

Channels are narrow ranges of price motion. When a break of a channel occurs, price often moves quickly and decisively away from the formation, as shown in the example to the right.



Cup & Handle Pattern

William O’Neill (founder of Investor’s Business Daily) made this pattern famous with his CANSLIM approach.

He advised watching for a “Cup & Handle”, a pattern based on a Saucer (Cup) followed by a Consolidation (Handle).

The Saucer tells us that an increase in demand has occurred, and the Consolidation provides a classic and powerful continuation pattern. The breakouts from the handle are usually very strong indications of continued upside movement.

CPRM4 identifies this type of pattern. It is amazingly accurate on stocks that have bottomed or are starting to rally.



Scallop Pattern

Scallops are small Saucers that form in the middle of advancing/declining price. This pattern is related to the Cup and Handle pattern, except the pattern signal occurs on the right-hand formation of the Saucer. It is quite accurate, indicating a confirmation of upward pressure.



7 New Patterns continued on page 10.

Pure Profit POWER!

The chart to the right was generated by applying the new patterns in CPRM4 to Honeywell (HON). Below is an approximate gain that could have been realized on each pattern signal.

Pattern Identified:	Gain:
1. Range Breakout	10%
2. Double Bottom	15%
3. Scallop	18%
4. Channel Break	8%
Total	51%



CHART PATTERN Recognition

The Most Powerful Chart Pattern

Powerful and Easy to Use

This page demonstrates the amazing firepower of the Chart Pattern Recognition Module. When the To Do List is run, CPRM4 automatically analyzes your Focus List to find all the patterns. From there, you simply review, confirm, and trade.

Focus List Columns

New columns in the Focus List include Pattern Direction (PD), Pattern Type (Pat), and Pattern Strength (Str). A green dot in the Pattern Direction column indicates a bullish pattern, and a red dot identifies a bearish pattern. The Pattern Type shows an abbreviation for the pattern, like "TLN" for Trend Line. The Strength is the apparent strength of the pattern, based on the patterns database.

Just bring up the confirmed charts and examine the opportunities. You are so much further ahead by knowing which signals are confirmed by a powerful Chart Pattern.

"The Pattern Recognition is awesome! It shows patterns that I would never have seen without it. I am amazed how it is able to identify so many different patterns and how easy it is to see and use them."
- Gary Rickle



This screen shot shows Chart Pattern Recognition Module 4 in action. The strength level has been set to "5" to only show the most powerful patterns.

ion Module 4



Pattern Recognition on the Planet!



Dynamic Strength Rating

As you click a Strength Rating on the Patterns toolbar, the Focus List will automatically adjust to only show patterns that have at least the designated strength. Only want the best patterns? Set your strength to "5" and sort the list on the Signal (Sig) column.

Prospect From the Patterns to Get Even More Candidates

Another great way to use CPRM4 is to sort on the Pattern Direction and Pattern Strength columns, and then bring up the charts that have strong patterns. Often, you will find a pattern-based trade that is so strong, it is worth taking on its own merit. CPRM4 is 100% automated, which makes it a breeze to use.

Edit Pattern Settings	
Patterns	
Enabled	Pattern
<input checked="" type="checkbox"/>	Candles
<input checked="" type="checkbox"/>	Channels
<input checked="" type="checkbox"/>	Consolidations
<input checked="" type="checkbox"/>	Cup and Handle
<input checked="" type="checkbox"/>	Fibonacci Retracements
<input checked="" type="checkbox"/>	Gaps
<input checked="" type="checkbox"/>	Head and Shoulders
<input checked="" type="checkbox"/>	Ranges
<input checked="" type="checkbox"/>	Saucers
<input checked="" type="checkbox"/>	Scallops
<input checked="" type="checkbox"/>	Support and Resistance
<input checked="" type="checkbox"/>	Tops and Bottoms
<input checked="" type="checkbox"/>	Trendlines
<input checked="" type="checkbox"/>	Volume
Enabled	FL
<input checked="" type="checkbox"/>	Broadening Bottom
<input checked="" type="checkbox"/>	Broadening Continuation
<input checked="" type="checkbox"/>	Broadening Reversal
<input checked="" type="checkbox"/>	Broadening Top
<input checked="" type="checkbox"/>	Flag, Falling
<input checked="" type="checkbox"/>	Flag, Falling Continuation
<input checked="" type="checkbox"/>	Flag, Falling Reversal
<input checked="" type="checkbox"/>	Flag, Rising
<input checked="" type="checkbox"/>	Flag, Rising Continuation
<input checked="" type="checkbox"/>	Flag, Rising Reversal
<input checked="" type="checkbox"/>	Rectangle
<input checked="" type="checkbox"/>	Rectangle Bottom
<input checked="" type="checkbox"/>	Rectangle Top
<input checked="" type="checkbox"/>	Triangle, Ascending
<input checked="" type="checkbox"/>	Triangle, Descending
<input type="button" value="Edit"/>	Strength
<input checked="" type="checkbox"/>	Enabled
<input checked="" type="checkbox"/>	FL
<input checked="" type="checkbox"/>	Short
<input checked="" type="checkbox"/>	Medium
<input checked="" type="checkbox"/>	Long

Select which patterns you want to see with the Pattern Selector.

NEW Patterns in CPRM4



continued from page 6



Head & Shoulders

This classic pattern goes back to the first books ever written about Technical Analysis. A Head & Shoulders is formed by two lows that form a *neck line* on either side of a highest-high move. When the line is broken, that is usually a great place to go Short. Moves like the one shown in the capture to the right are not uncommon.



ABT shows a normal Head & Shoulders in 2010 and an inverted Head & Shoulders pattern in 2011.



(Trading) Ranges

A Trading Range is a Consolidation, formed by a wider range.



An Inverted Head & Shoulders on Google prior to a 5% move.

When a Range forms, price does not remain long at the trend line forming either boundary. Most often, price will bounce off the boundary (as shown in the example) forming a Range Bounce Signal.

However, if price breaks through the Range to the outside, that constitutes a break of support or resistance formed by the boundary—another great trading opportunity.



A Trading Range forms on JNJ resulting in a very strong rally from the bottom of the range.

Now you can instantly find all these important patterns with CPRM4. You will also know WHICH patterns are the most profitable, using the new Chart Pattern Profit Analyzer feature described on the next page.

Introducing the Chart Pattern PROFIT ANALYZER

4

Know WHICH Patterns are the Most Profitable on Your Symbols!

The NEW CPRM4 Chart Pattern Profit Analyzer makes it easy to SEE which patterns have been the most profitable on your symbol list.

Sub-patterns were released in CPRM3. As a result, and with the 7 new patterns in CPRM4, there are literally hundreds of patterns to choose from. So now, what we really wanted to know, “*Which patterns are the best (i.e., most profitable) to use?*” CPRM4 provides the answer!

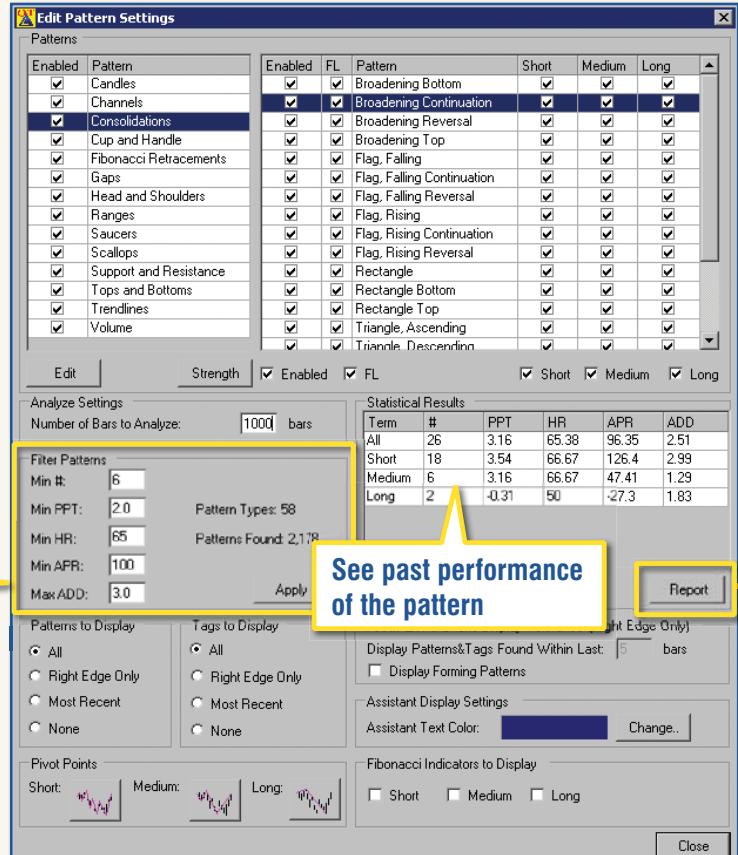
Automatically enable patterns that meet your minimum performance criteria.

Some patterns work well on Stocks, others on Futures, depending on the timeframe. Now you can see which patterns are the best to use based on the symbols and timeframe you are trading. This new feature, in addition to the 7 NEW patterns, has easily tripled the profit potential of the module.

You will see how many examples of each pattern fired, and how profitable they were over past data using optimal exits. While past performance is not a guarantee of future results, the report provides a very good idea of which patterns we should use going forward.

We can also automatically select patterns we want to follow by establishing minimum past performance criteria. Once you have defined minimum criteria, simply click Apply and the patterns meeting your criteria will automatically be enabled.

NEW CPRM4 Chart Pattern Profit Analyzer Report



Pattern	Term	#	PPT	HR	APR	ADD
Channel	Long	78	2.01	69.23	110.37	4.5
Cup and Handle	Short	92	0.97	67.39	20.02	5.39
Head and Shoulders	Long	105	6.51	74.29	99.75	4.74
Range Breakout	Long	176	3.38	78.41	43.95	2.81
Range Reversal	Long	6	-2.98	50	-1.41	9.1
Scallop, Ascending	Short	47	-0.08	46.81	-8.1	4.05
Scallop, Descending	Short	14	-3.99	14.29	-160.86	5.9
Double Bottom	Short	166	10.76	78.31	34.88	6.8
Double Top	Short	66	2.06	66.67	69.79	7
Three White Soldiers	Short	104	0.7	65.38	36.82	2.86
Three Black Crows	Short	134	2.79	58.21	94.58	2.81
Belt Hold	Short	343	1.59	65.6	72.96	3.09
Counterattack	Short	348	1.29	54.6	29.94	3.69
Three Methods	Short	191	0.61	56.54	77.59	3.58
Engulfing Lines	Short	3098	0.95	58.01	29.02	3.54
Hammer	Short	857	0.27	49.59	1.69	4.26
Hanging Man	Short	902	-0.4	45.01	-7.53	3.73
Inverted Hammer	Short	108	-1.08	37.04	-128.65	5.42
Shooting Star	Short	60	-0.1	41.67	-25.92	4.16
Kicking	Short	616	1.76	67.05	49.65	3.31
Morning Star	Short	433	0.61	53.81	11.06	3.78
Evening Star	Short	339	1.4	58.41	21.83	3.29
Three Outside Up	Short	727	1.36	63.27	61.28	2.98
Three Outside Down	Short	793	1.54	62.17	47.71	3.12
Piercing Lines	Short	240	2.62	58.33	72.4	4.02
Dark Cloud Cover	Short	236	-0.18	50.42	-69.97	4.93
Harami	Short	2352	-0.54	44.05	-33.06	4.47
Stick Sandwich	Short	104	-2.85	30.77	-100.73	5.9
Side By Side White Lines	Short	34	-0.45	52.94	-2.58	3.48
Tasuki	Short	117	-1.58	36.75	-42.91	5.52
Three Inside Up	Short	1037	0.74	61.43	51.46	3.68

Plus MORE Advanced FEATURES for Profits

Right Edge Control

Using the Patterns dialog box, you can set your Chart Patterns to display:

- All Patterns and/or Tags
- The Most Recent Patterns and/or Tags
- All Patterns and/or Tags within N Bars of the Right Edges

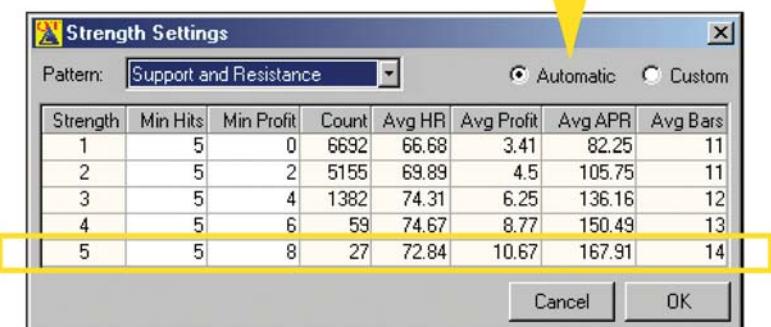
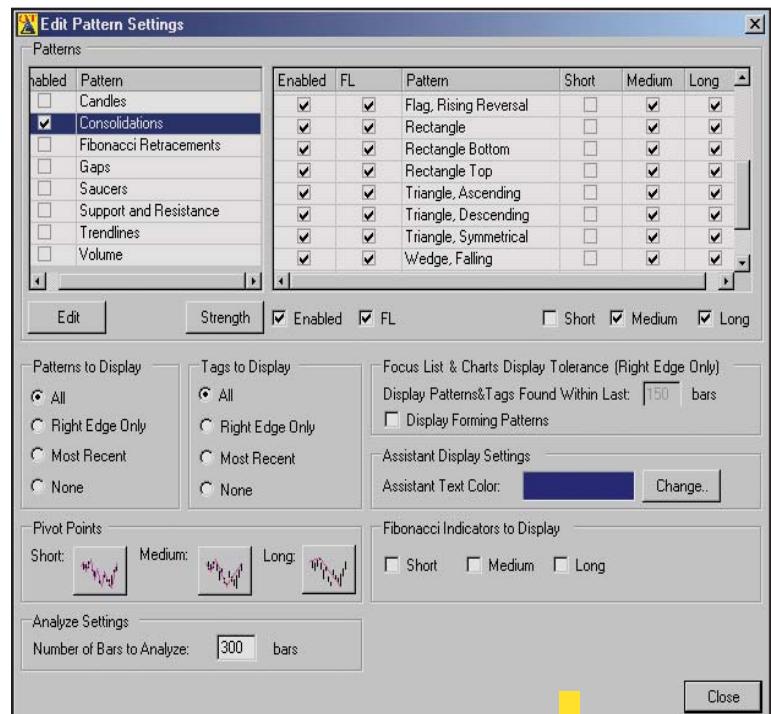
This provides maximum flexibility of pattern display. When you are trading, you will only want to see the Right Edge Patterns. But when you are studying, you will want to see all of them. With CPRM4, you have virtually unlimited flexibility in how you view the tags and patterns that are displayed in the charts.

Customizable Strength Levels

The Patterns database contains the strength of all patterns based on the historical performance of thousands of stocks over a 20 year period. By clicking the Strength button on the Patterns dialog box, you can see the strength definitions for all the patterns.

Those users who want to alter the constraints for a given strength rating can do so quickly and easily. For example, if you want Strength 5 Support and Resistance patterns to be those with a minimum profit of 10%, change the Min Profit entry to 10. From then on, only patterns which historically show a profitability of 10% (or more) per trade will be shown in the chart and Focus List when Strength 5 is selected.

CPRM4 is the only Pattern Recognition system that has a Strength Rating system. The fact that it is configurable means you can set the system to show precisely the kinds of patterns you want to see at any strength level. This is useful for those who (for example) only want to see Candle Patterns if they are very profitable, but want to see ALL Consolidations. With CPRM4, you can set it just the way you want.



Each Strength Rating can be configured by adjusting the Min Hits and Min Profit columns. Min Hits is the number of samples of a given pattern that must meet the Min Profit requirement in order to display at the given strength.

In this example at Strength 5 (with Min Hits of 5 and Min Profit of 8%), we have 27 pattern variations that were 72.8% accurate, with average profit of 10.6% and APR of 168% over an average trade of 14 bars.



Forming Line - Set
Buy Stop at 14 1/2



Line Turns Green at break

tag



50% Gain!

Also Displays Forming Patterns

The forming pattern feature of CPRM4 can help you enter trades early by setting stops above or below a forming line for trade entry.

Forming patterns appear as grey lines, as shown in the first image to the left. The visible right edge of the chart shows the forming patterns that would have been visible on the right edge. As soon as the pattern forms a true break, the line turns green and the tag is added below (or above) the same bar.

Forming patterns can help a great deal in your prospecting. For example, you might notice that a Trend Line has formed, but that price has not broken it yet. One way to take advantage of this is to establish a Buy, Stop Limit order at the point the line might be violated the next day, thereby getting an early entry ahead of the actual break.

Forming patterns give you more information about the setups that are occurring in the market. This "heads up" provides better clues about what the market is likely to do—especially in the case of Consolidations and Trend Lines.

CPRM4 is the ONLY Pattern Recognition tool with the forming pattern feature.





The Amazing Pattern Tutor

Learn as you Earn!

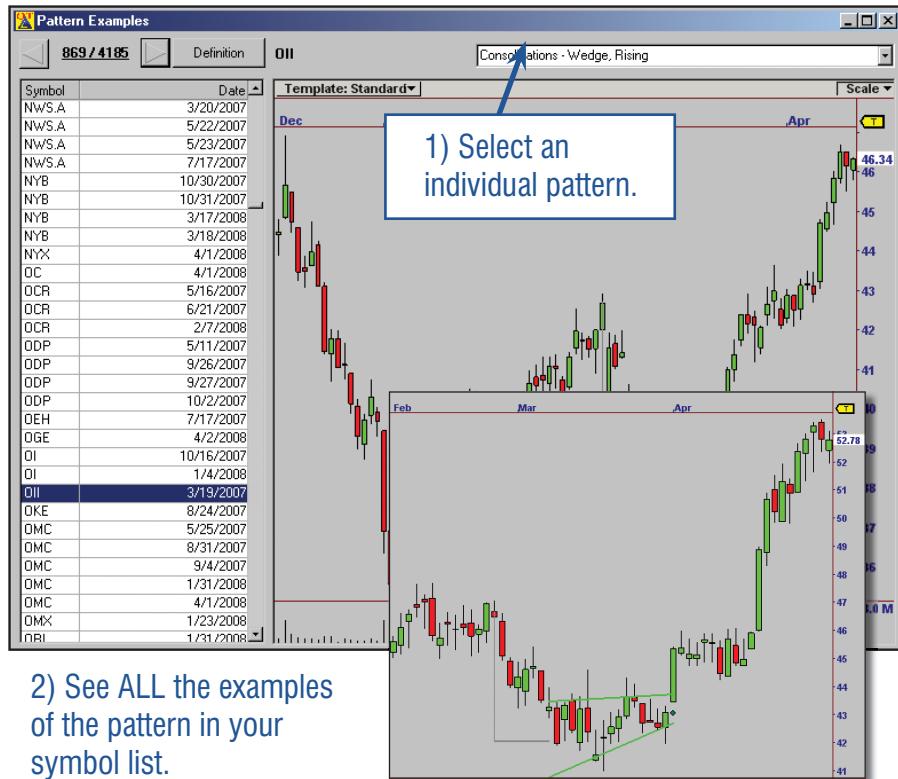


Finds ALL examples of any pattern, INSTANTLY!

As you are learning to use Chart Patterns, wouldn't it be great to see EVERY example of a given pattern in your list? CPRM4 provides this ability with the unique Pattern Tutor.

Click any Pattern in any chart to activate the Pattern Tutor. Instantly, you will see every example of that pattern across all symbols in your Focus List.

Using the Pattern Tutor, you will improve your skill and get the most out of Chart Pattern Recognition. It's like having a personal *Pattern Assistant* right inside your OmniTrader or VisualTrader.



ALSO Including

The POWER of CPRM4

LIVE Education Webinar

Chart Patterns are the essence of Technical Analysis and CPRM is our most popular module. This 2-hour webinar will accelerate your learning curve on the patterns featured in CPRM4, especially the new ones just added.

We will review the theory and construction of each pattern with an emphasis on the features that are common to the most profitable ones.

We will also review the module's powerful features and prepare you for trading success with CPRM4.

FREE with your purchase of the CPRM4 Module (\$249 value)

Note: Webinars will be recorded and available for playback at your convenience. If you are unable to attend the live event, you will have access to the recordings. Dates and times to be announced.



**LIVE!
Webinar**



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CHART PATTERN *Recognition Module* **4**

**The Most Powerful Chart Pattern
Recognition on the Planet!**