

Reverse Divergences And Momentum Technical analysts are constantly comparing prices and indicators to see whether they are moving in gear or if there are discrepancies. It's when discrepancies appear that an alert to a probable change in trend is given. Most traders are familiar with the concept of momentum indicators experiencing positive and negative divergences with price. For instance, as you can see in Figure 1, momentum makes a series of declining peaks as the price works its way higher. This indicates that the underlying momentum is gradually dissipating, signaling that a peak in the price may be at hand. The opposite set of conditions would be true for a declining trend. The problem with divergences is that you never know how many to expect prior to the actual trend reversal. **To read more, please download the book [Download This Book](#)**