



IBFX-GPS

Interbank FX

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Product: A chart pattern identification program

Price: Free for Interbank FX clients

Chart pattern recognition has been an important part of technical analysis. Given its subjective nature, it has always been difficult to develop a product that scans for such patterns. But the folks at Interbank FX have made that bold move and developed a product called IBFX-GPS. And no, that doesn't stand for *global positioning system*, so don't get too excited. The acronym stands for *graphical pattern scanner* and as the name suggests, the tool does exactly that. The objective is to take the guesswork out of recognizing patterns on your charts.

HOW IT WORKS

In order to use IBFX-GPS for your trading, you need to have a live account with Interbank FX. Once you open your account, you can download the tool from the website. It does take one business day to activate IBFX-GPS.

It's a simple program that focuses on scanning multiple currency pairs across different time frames to look for patterns. Once a pattern forms, you will get alerted via a popup window that tells you how many patterns have been completed and how many are emerging.

When you open the program, the first thing you will see is a window displaying several currency pairs along with a time interval, the pattern identified, whether it is a continuation or reversal, the length of the pattern, quality, initial trend, uniformity, clarity, and breakout (Figure 1). Each of these columns can be sorted in ascending or descending order. If you double-click on any of these symbols, you will see a chart pop up displaying the specific pattern (Figure 2).

By default, there are two tabs across the top, one for intraday and another for daily data. They are both similar, except you are not going to see a column titled "Interval" on the daily charts for obvious

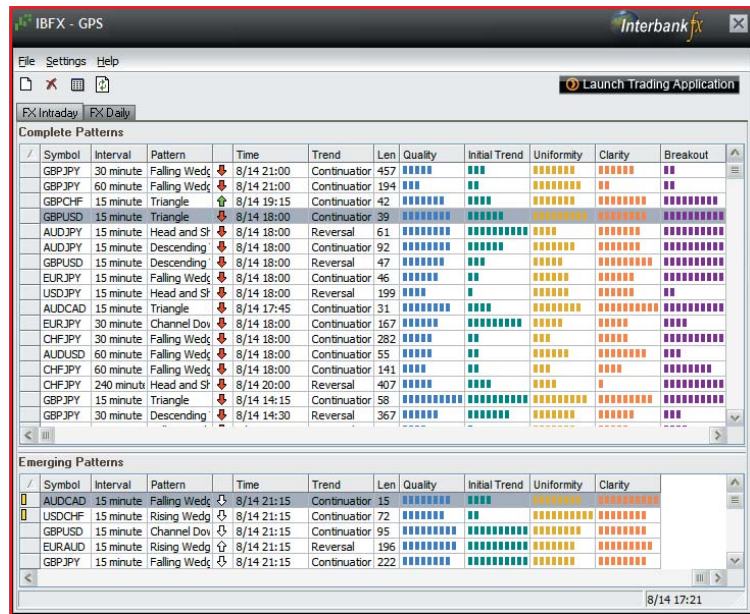


FIGURE 1: IBFX-GPS. Here you see the typical work space of IBFX-GPS.

reasons. You do have the option of adding more tabs by creating your own search criteria. All you have to do is open up the search criteria window and search by various categories you have available such as symbol, characteristics, quality, patterns, and price filter. You can edit any of the search criteria, including those that are provided by default.

I found the technology behind the product to be solid. This tool can be useful to determine the likelihood of the direction of a price move once a pattern is completed. This, in turn, will help you determine whether you want to open a new position or continue holding any current positions. You can easily connect to MetaTrader, the Interbank FX trading platform, by clicking on the "Launch Trading Application" button.

Even though the program is simple, the technology behind it is far from it. Given the subjective nature of pattern recognition, expecting this program to work perfectly would be unrealistic. I did find that some patterns were not completely accurate and some took place about 20 to 50 days ago. Others only focused on the pattern and didn't show its relation to the bigger picture, which made it difficult to determine which way and how far prices would move. In spite of these shortcomings, you have to tip your hat to the developers behind this pattern scanner. It's never an easy task, and for them to have come this far is a remarkable feat.

— Jayanthi Gopalakrishnan, Editor

‡IBFX-GPS (Interbank FX)

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FIGURE 2: CHART DISPLAYING PATTERN. Here you see a chart displaying a continuation channel down pattern for a 30-minute chart of the GBP/USD.