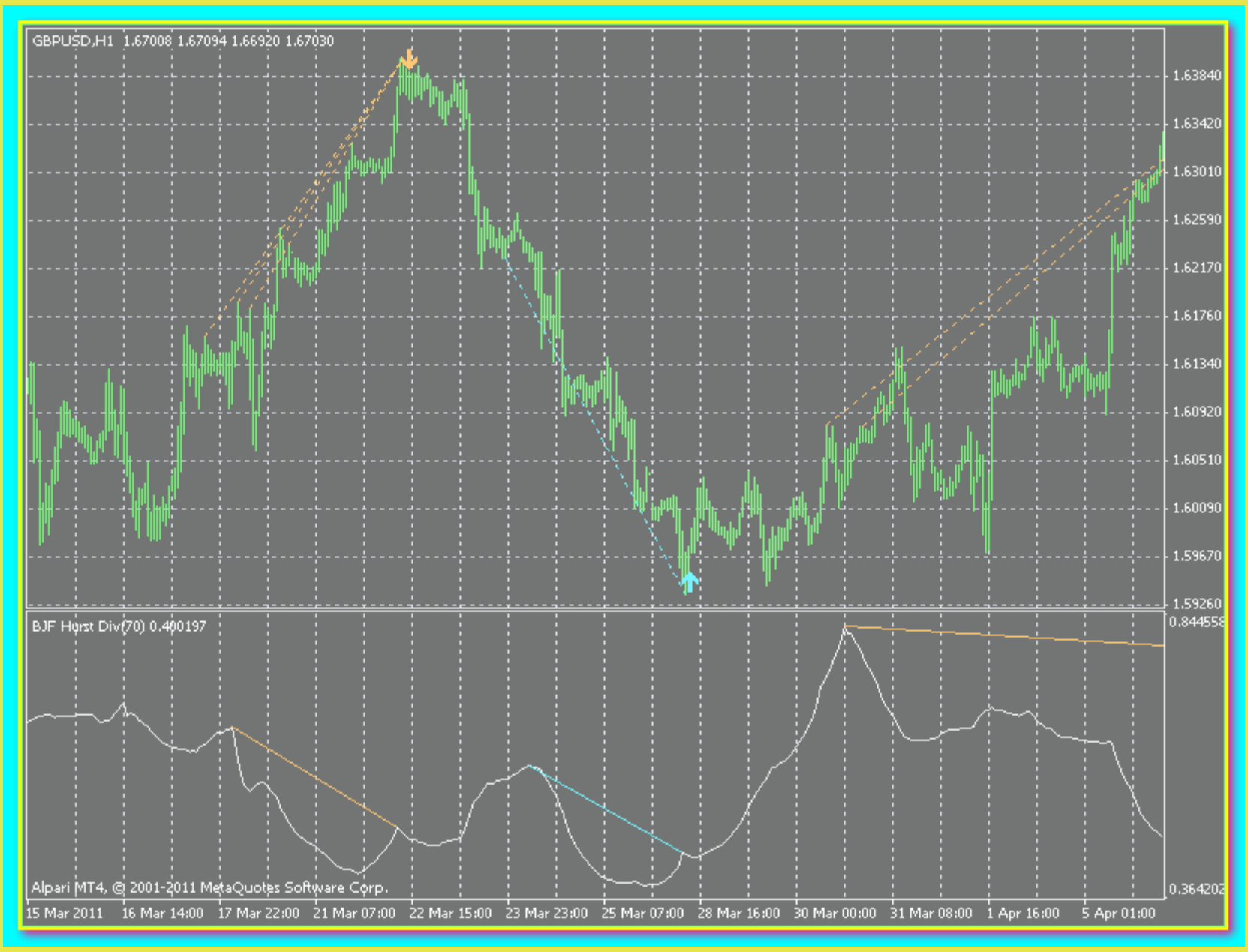
Hurst Divergence Metatrader Indicator

MetaTrader Indicator Hurst Divergence - Short explanation

Metatrader Indicator Hurst Divergence indicates fractal divergence by Hurst indicator. When divergence appears between Hurst Indicator and the price, it indicates a high probability that the current trend will finish soon. A signal to buy is when a new Low-fractal is formed below the previous one and a corresponding Hurst Indicator value is higher than the previous one. A signal to sell is when a new Up-fractal is formed above the previous one and a corresponding Hurst Indicator value is lower than the previous value. The indicator has a lot of customizable settings.



MetaTrader Indicator Hurst Divergence Theory

In fractal geometry, the generalized Hurst exponent, named H in honor of both Harold Edwin Hurst (1880–1978) and Ludwig Otto Hölder (1859–1937) by Benoît Mandelbrot (1924-2010), is referred to as the "index of dependence," and is the relative tendency of a time series either to regress strongly to the mean or to cluster in a direction.

The Hurst exponent is used as a measure of the long term memory of time series, i.e. the autocorrelation of the time series. Where a value of $0 < H < 0.5$ indicates a time series with negative autocorrelation (e.g. a decrease between values will probably be followed by an increase), and a value of $0.5 < H < 1$ indicates a time series with positive autocorrelation (e.g. an increase between values will probably be followed by another increase). A value of $H=0.5$ indicates a true random walk, where it is equally likely that a decrease or an increase will follow from any particular value (e.g. the time series has no memory of previous values)

The three principles of hurst exponent :

Value 0.5 – 1 = whatever is happening now is likely to continue
Value 0 – 0.5 = whatever is happening now is likely to reverse
Value around 0.5 = likely to go in any direction

More information...