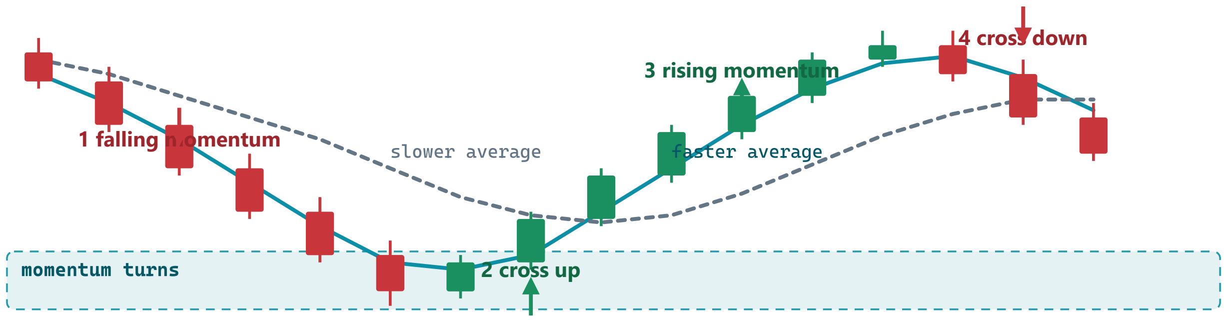
INDICATORS & TOOLS

reading MACD

MACD watches two moving averages of price pull apart and squeeze back together. When they cross, it flags that momentum has shifted. Because it is built from past prices, it tends to confirm a move after it has begun.

QUANTREEF
market microstructure



01
momentum was falling
Price drifts lower and the faster average sits below the slower one. The gap between them is wide, which describes strong downward momentum in the recent candles.

02
the lines cross up
Price stops falling and turns. The faster average climbs back through the slower one, an upward crossover that flags momentum shifting from down to up.

03
momentum builds
The advance continues and the two averages spread apart on the upside. A widening gap here describes momentum strengthening as price trends higher.

04
the lines cross down
The rally fades and price rolls over. The faster average dips back below the slower one, a downward crossover that arrives after the top, showing the lag.

Key terms

MACD line — the gap between a faster and a slower moving average of price

signal line — a smoothed average of the MACD line that crossovers are measured against

histogram — bars showing the distance between the MACD line and the signal line

crossover — when the MACD line passes through its signal line, up or down

How to read & use it

a cross marks a shift
An upward or downward crossover describes momentum changing direction. It is a description of what already happened, not a promise of what comes next.

watch the histogram
The bars grow as the two lines spread apart and shrink as they converge. Shrinking bars describe momentum fading even while price still moves.

it lags
MACD is built entirely from past prices, so its crossovers tend to appear after a turn is under way rather than before it.

HOW QUANTREEF USES IT

Anything Quantreef shows about MACD is descriptive context to help you read momentum. It is education, not a signal, recommendation, or prediction, and it never tells you to buy or sell.