

GUPPY MULTIPLE MOVING AVERAGE



Trade for
Good.



The Guppy Multiple Moving Average (**GMMA**) is a **technical indicator** that aims to anticipate a potential breakout in the price of an asset.

The GMMA **uses exponential moving average (EMA)** to capture the difference between price and value in a stock.

Key Takeaways

- The GMMA **identifies changing trends**, breakouts, and trading opportunities.
- The GMMA consists of a **short-term group of MAs** and a **long-term group of MAs**, when they cross it indicates trend changes.



What Does the GMMA Tell You?

The degree of separation between the short- and long-term MAs can be used as an indicator of **trend** strength.

If there's a wide separation, then the prevailing trend is strong. If the separation is narrow that, indicates a weakening trend.

The **crossover** of the short- and long-term MAs represent trend reversals.



Limitations of the GMMA

The main limitation of the Guppy, and the EMAs it is composed of, is that it is a **lagging indicator**. The EMA represents the average price from the past. It does not predict the future.



Waiting for the averages to crossover can at times mean an entry or exit that is far **too late**, as the price has already moved aggressively.

