

Trading Patterns Cheat Sheet

<p>Cup w/ Handle</p> <p>30% uptrend 7 to 65+ wks 1+ wks 15% BP Defects: (w/o handle 6 wk min)</p>	<p>Double Bottom</p> <p>20-50% 13-14% BP BP if on heavy vol (Shakeout Plus 3) 7 wk min >20% uptrend</p>	<p>Saucer Base</p> <p>Usually < 20% 7 to 65+ wks</p>
<p>Flat Base</p> <p>BP 10-15% 5 wk min 30% uptrend • often when market not making much upward progress</p>	<p>Square Box</p> <p>BP 10-15% 4-7 wks • avoid wide and loose action</p>	<p>Ascending Base</p> <p>BP 10-20% each pullback • often in uneven market • best if shallower each time 9-16 wks >20% uptrend</p>
<p>High Tight Flag</p> <p>BP 3-5 wks 10-20% Can be 25% • RARE 100-120% uptrend 4-8 Weeks, Can be more.</p>	<p>3 Tight Closes</p> <p>BP • secondary BP • closes within 1.5% • vol drops • tighter the better</p>	<p>Short Stroke</p> <p>BP • secondary BP • closes within 1% • vol drops • tighter the better</p>
<p>Handles</p> <p>BP 5 day min >15% bull >30% bear</p>	<p>Pullback</p> <p>Previous breakout Buy range Lower volume 50 dma • Must rebuy here after shake out & rebound on higher vol (IBM 1926) • Can add first 2 times it pulls back to 50dma</p>	<p>Misc Rules</p> <ul style="list-style-type: none"> • all BP +10 cents • ideal prior uptrend >30% • for wks abv avg vol: #up>#down • up 20% for new base • undercut base resets base count • 66% of 3rd stage base fails • 80% of 4th stage base fails • in base bottom look for: <ul style="list-style-type: none"> • shakeout • tight closes • volume dryout • accumulation

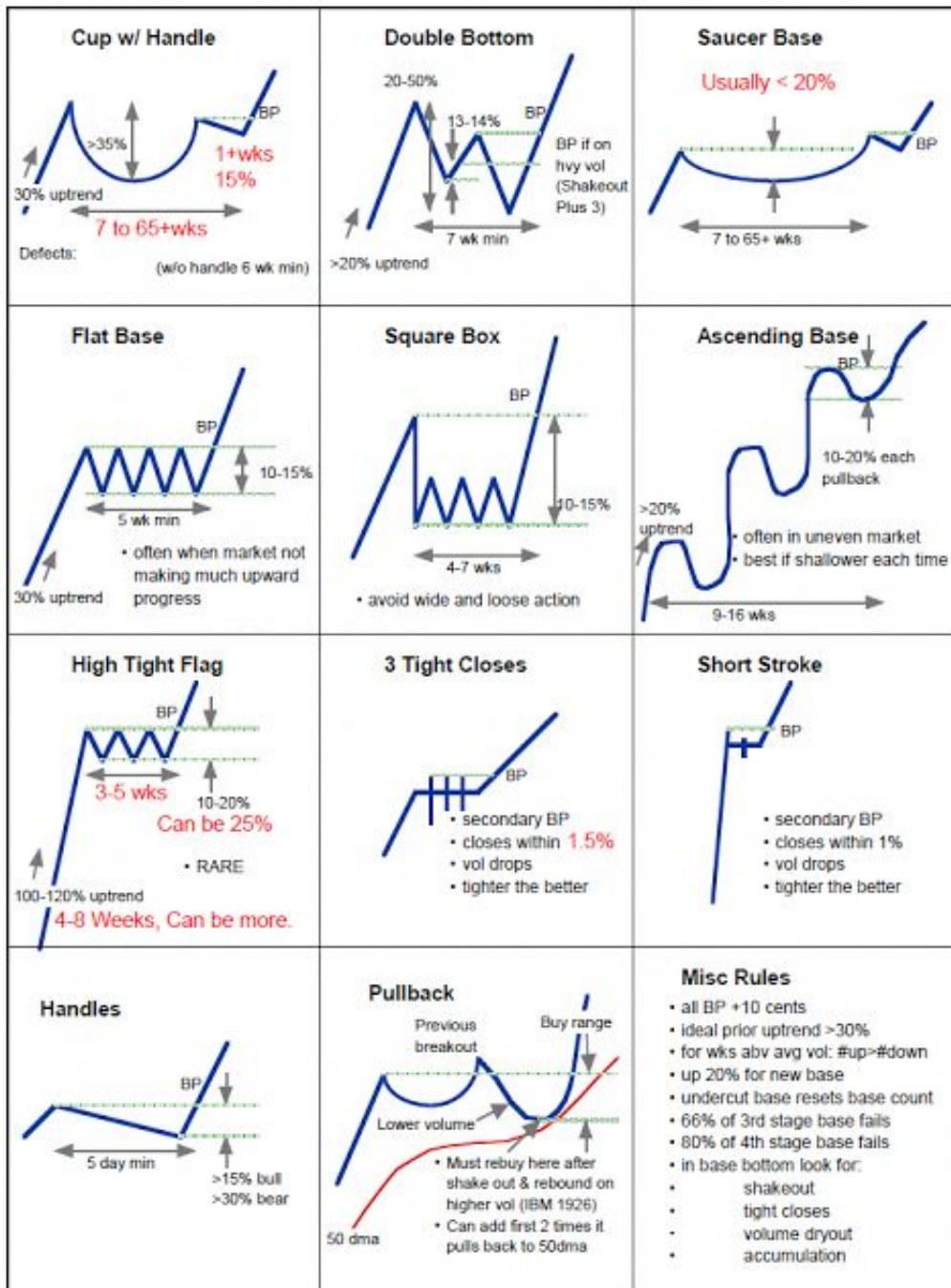
Trading Patterns Cheat Sheet

Trading patterns in the financial markets are created by the action of traders and investors buying and selling positions in different time frames.

Here are the different types of patterns that emerge through buyers and sellers behavior.

1. Buyers and sellers are always equal with every trade it is the price levels that they meet at that changes.
2. Trend lines are vertical or horizontal resistance or support levels created by buyers and sellers inside a trend to create lower lows, higher highs, or price ranges.
3. When buyers keep coming in at a price level you will see a key support level in a range.
4. When sellers continually exit at a price level you will see a key resistance level in a range.
5. Swings in price happen as sellers diminish at higher price levels and buyers come back in at lower price levels.
6. Stocks have patterns of accumulation into weakness during uptrends.
7. Stocks have patterns of distribution into strength during downtrends.
8. Most trends in price are interrupted by trading ranges before the trend continues.
9. A breakout of a long term trend trading range or trend line can signal the continuation or reversal of a trend.
10. Charts are the visual creation of all traders and investors accumulated past actions of trading patterns.

Here are some common trading patterns in stocks.



Here is a historical pattern for a growth stock under long term accumulation until it ends and begins to go under a distribution stage.

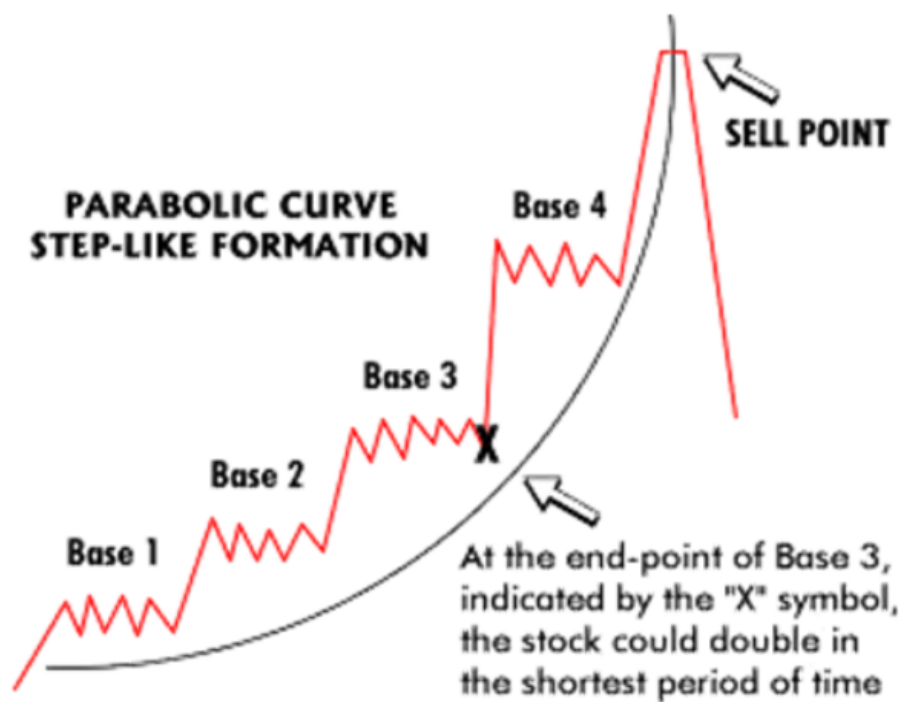


Chart courtesy of ChartPattern.com

Here is a chart of common bullish, bearish, and reversal trading patterns that play out in markets. The trend line break is their signal. Of course a trader must manage a trade taken with one of these breakouts using the right position sizing, stop loss, trailing stop, and profit target to be profitable.

Bullish patterns (going up)



Flag



Pennant



Cup with handle



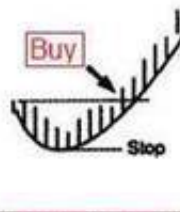
Ascending triangle



Symmetrical triangle



Measured move up



Ascending scallop

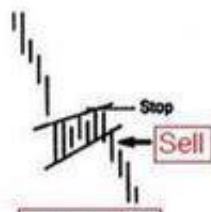


3 rising valleys

Bearish patterns (going down)



Flag



Pennant



Inverted Cup with handle



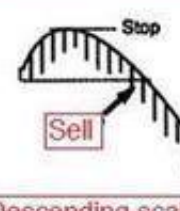
Descending triangle



Symmetrical triangle



Measured move down



Descending scallop



3 descending peaks

Reversal patterns



Double bottoms



Diamond bottoms



Tops rectangle



Head and shoulders top

A chart pattern is not a trading system just like a map is not a journey. It is the management of your trip that determines whether it will be good or bad.

We wish you much success!

Steve & Holly Burns

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