

Classifications: A to B

# The Brooks Encyclopedia of Chart Patterns

Part 1 of 16

Al Brooks

The Brooks Encyclopedia of Chart Patterns  
Based on the Brooks Trading Course



# How to Enter, Place Stop, and Exit

# Wait for Strong Signal Bar, Use Appropriate Protective Stop

Traders should enter most trades using stop orders

To increase the probability of a profit, wait for a strong signal bar

When selling, wait to sell below a bear bar closing near its low



When buying, wait for a bull bar closing near its high and buy above that bar, not simply above the 1<sup>st</sup> bar with a bull body

# Wait for Strong Signal Bar, Use Appropriate Protective Stop

Put the protective stop just beyond the reversal

For example, if the buy signal bar is the low, put the stop below that bar



If the buy signal bar is the 2<sup>nd</sup> or even the 5<sup>th</sup> or 6<sup>th</sup> bar of a multi bar reversal and the 1<sup>st</sup> bar has a lower low, put the stop below the lowest bar

## Wait for Strong Signal Bar, Use Appropriate Protective Stop





# Never Risk More Than 3%: Even If in Profitable Trade



# Wait for Strong Signal Bar, Use Appropriate Protective Stop



# Wait for Strong Signal Bar, Use Appropriate Protective Stop



If a trader recognizes what the market is doing,  
he can look at the examples of that pattern to get an idea of what might follow