Mat Hold Pattern

By CORY MITCHELL Updated May 09, 2021
Fact checked by TIMOTHY LI

What is a Mat Hold Pattern?

A mat hold pattern is a candlestick formation that indicates the continuation of a prior move.

There can be bearish or bullish mat hold patterns. A bullish pattern starts with a large upward candle followed by a gap higher and three smaller candles that move lower. These candles must stay above the low of the first candle. The fifth candle is a large candle that moves to the upside again. The pattern occurs within an overall uptrend.

The bearish version is the same, except candles one and five are large *down* candles, and candles two through four are smaller and move to the upside. These candles must stay below the high of the first candle. The pattern completes with a long candle to the downside, candle five. It must occur within a downtrend.

KEY TAKEAWAYS

- A mat hold pattern can be bullish or bearish. The bullish pattern occurs within an uptrend and a bearish pattern occurs within a downtrend.
- The bullish version is a large up candle, a gap higher follow by three smaller down candles, and then a large up candle.
- The bearish version is a large down candle, a gap lower followed by three smaller up candles, and then a large down candle.

What the Mat Hold Pattern Pattern Tells You

When the bullish mat hold pattern occurs within an uptrend it signals that the uptrend is likely resuming to upside. Traders may opt to buy near the close of the fifth candle (large up candle) or enter a long trade on the following candle. A stop loss is typically placed below the low of the fifth candle.

When a bearish mat hold pattern occurs within a downtrend, it indicates the downtrend is likely resuming and prices will continue to fall. Traders may opt to sell or short near the close of the fifth or on the following candle. A stop loss on short positions is placed above the high of the fifth candle.

Both versions of the pattern are quite rare. They show that the price is moving strongly in the trending direction (candle one), and there is only minor pressure in the opposite direction (candles two through four) before the price starts moving in the trending direction again (candle five).

Example of the Mat Hold Pattern

The mat hold pattern is rare. Therefore, traders may allow for tiny deviations in the pattern as long as the overall premise of the pattern remains in tact.

The following pattern in Alphabet Inc. (GOOG) starts off with a strong upward candle in an overall uptrend. This is followed by four candles that stay above the low of the first. The bullish pattern typically only has three candles that move to the downside. The pattern is followed by a further rise to the upside, although in this case it is short-lived.

Despite the deviation from the normal--six candles instead of five—the overall pattern shows a strong price rise, a pullback, and then a strong surge in the trending direction at the end of the pattern.

TradingView

Each trader will need to determine if they will allow for slight deviations in the pattern or not.

What is the Difference Between a Mat Hold and a Rising Three Pattern

A rising three pattern is very similar except there isn't a gap following the first candle. This pattern also not very common.

Limitations of the Mat Hold Pattern

The mat hold pattern is hard to find. It occurs infrequently, and the price doesn't always move as expected following the pattern.

There is no profit target for the mat hold pattern. If the price does move as expected, the pattern doesn't indicate how far the price could run. This will require another method, such as trend analysis or technical indicators to determine an exit, or possibly another candlestick pattern.

The mat hold pattern is typically best used in conjunction with other forms of analysis, as it may be unreliable if traded solely on its own.

Compete Risk Free with $100,000 in Virtual Cash

Put your trading skills to the test with our FREE Stock Simulator. Compete with thousands of Investopedia traders and trade your way to the top! Submit trades in a virtual environment before you start risking your own money. Practice trading strategies so that when you're ready to enter the real market, you've had the practice you need. Try our

Stock Simulator today >>

Related Terms

What Does a Thrusting Line Say About a Stock's Price?
Stock traders watch a so-called thrusting line as part of a pattern that indicates increasing demand for a particular stock. more

Unique Three River Definition and Example
The unique three river is a candlestick pattern composed of three specific candles, and it may lead to a bullish reversal or a bearish continuation. more

Up/Down Gap Side-by-Side White Lines
The up/down gap side-by-side white lines is a rare three-candle continuation pattern that occurs on candlestick charts. more

Harami Cross Definition and Example
A harami cross is a candlestick pattern that consists of a large candlestick followed by a doji. Sometimes it signals the start of a trend reversal. more

Ladder Bottom/Top Definition
Ladder bottom/top are reversal patterns composed of five candlesticks that may also act as continuation patterns. more

Three Inside Up/Down Definition
Three inside up and three inside down are three-candle reversal patterns. They show current momentum is slowing and the price direction is changing. more

Related Articles


TECHNICAL ANALYSIS BASIC EDUCATION
Using Bullish Candlestick Patterns To Buy Stocks


TECHNICAL ANALYSIS BASIC EDUCATION
Understanding a Candlestick Chart


ADVANCED TECHNICAL ANALYSIS CONCEPTS
Advanced Candlestick Patterns


TECHNICAL ANALYSIS BASIC EDUCATION
Tweezers Provide Precision for Trend Traders


TECHNICAL ANALYSIS BASIC EDUCATION
Introduction to Technical Analysis Price Patterns


TECHNICAL ANALYSIS BASIC EDUCATION
Candlesticks and Oscillators for Successful Swing Trades