

SMM CONCEPTS

Part 3



BECOME A PRO
MONEY WILL FLOW

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SUCCESS!**

SMM Concept Part 3

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AVADHUT SATHE
— TRADING ACADEMY —

Chart Patterns

Introduction:

- Stock prices are never constant. They move in a **TREND** (Up, Down or Sideways)
- Stock Market and prices (trend) is driven by sentiments or expectations of investors and traders. Hence, a trend cannot stay the same forever. It is bound to change with the expectations of investors/traders.
- Technical Charts reflect this changing behavior in the form of patterns or formations.
- Chart Patterns are mainly categorized into:
 1. **Reversal Patterns** (Trend Reverses)
 2. **Continuation Patterns** (Trend Continues)

Chart Patterns

1. **Reversal Chart Pattern** – These patterns, when appear, potentially reverses an existing trend.
Example: bearish trend reverses to bullish and vice-versa
2. **Continuation Chart Pattern** – These patterns show that the existing trend is likely to continue. Hence, the word “Continuation”.

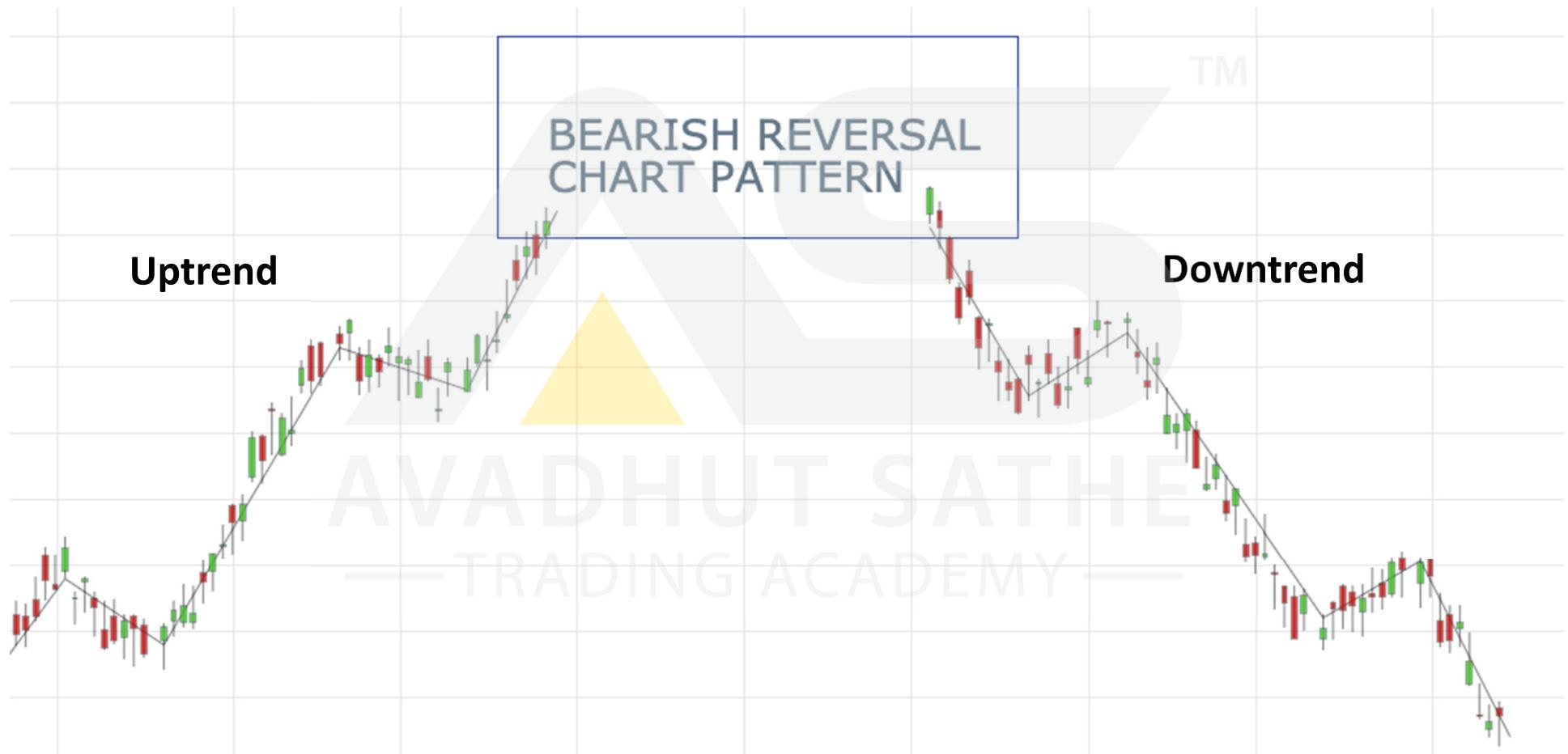
Uses:

- i. Chart Patterns help you identify potential reversal or continuation.
- ii. They help you identify “**Price Targets**” and potential “**Rewards**”.

Chart Pattern Types

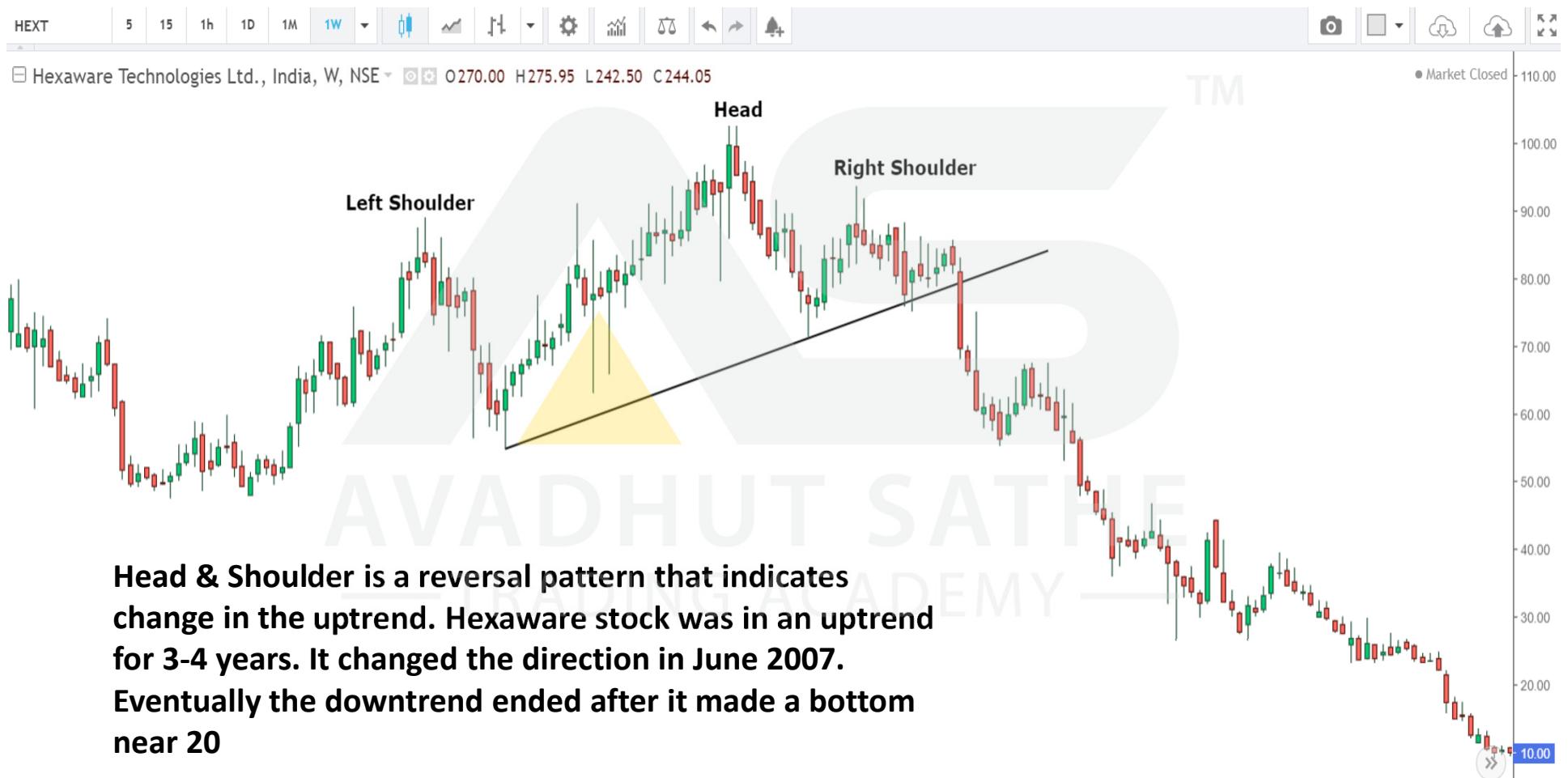
- **Bearish Reversal Patterns** ☹ [☺ for Bears]
 1. Head and Shoulder
 2. Double Top
- **Bullish Reversal Patterns** ☺ [☹ for Bears]
 1. Reversal Head and Shoulder
 2. Double Bottom
 3. Cup & Handle
- **Continuation Pattern**
 1. Flag & Pole

Bearish Reversal Chart Patterns



Head and Shoulder (H&S) Pattern

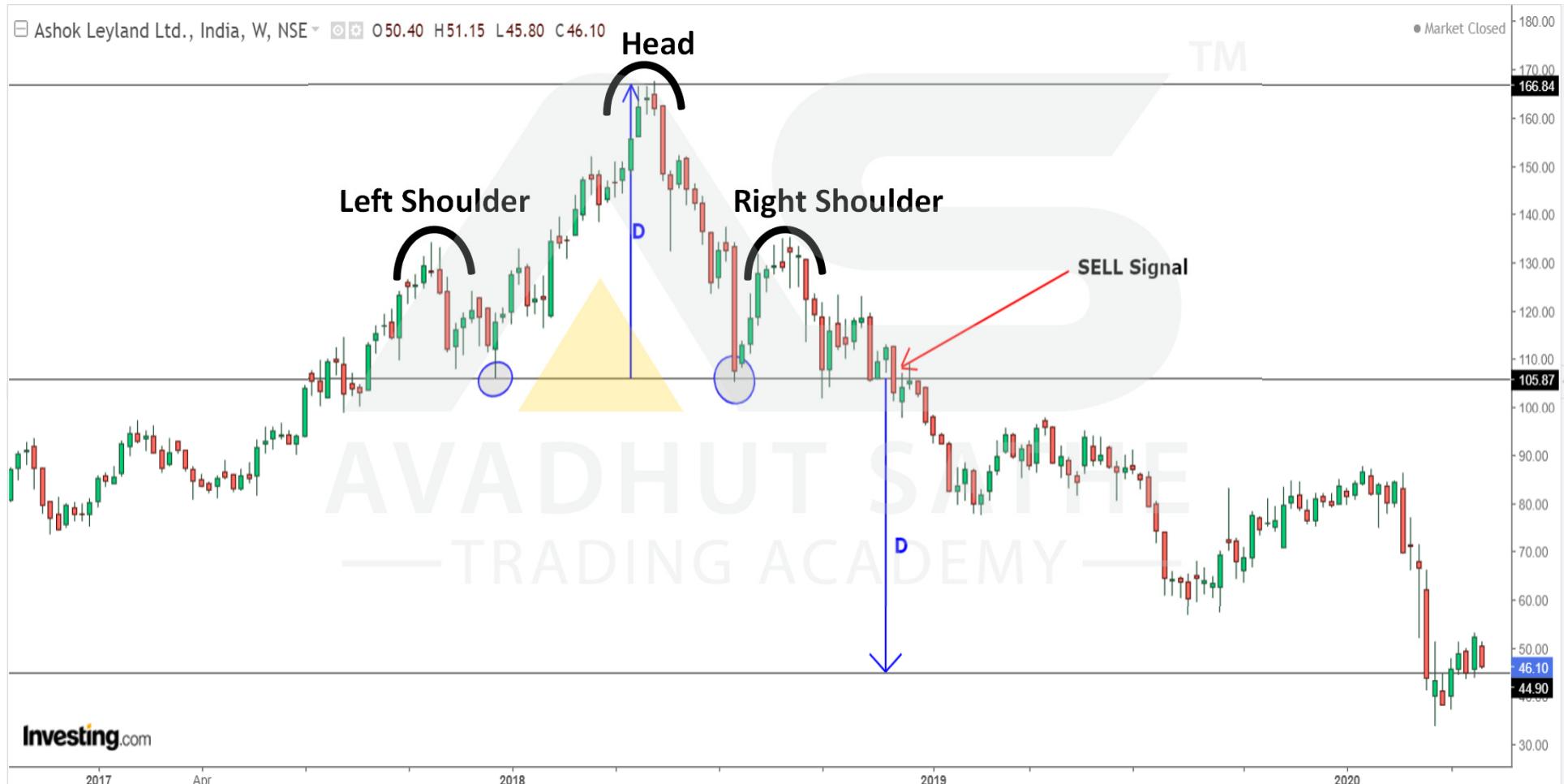
Hexaware weekly chart before 2008 bear market ☹ [☺ for Bears]



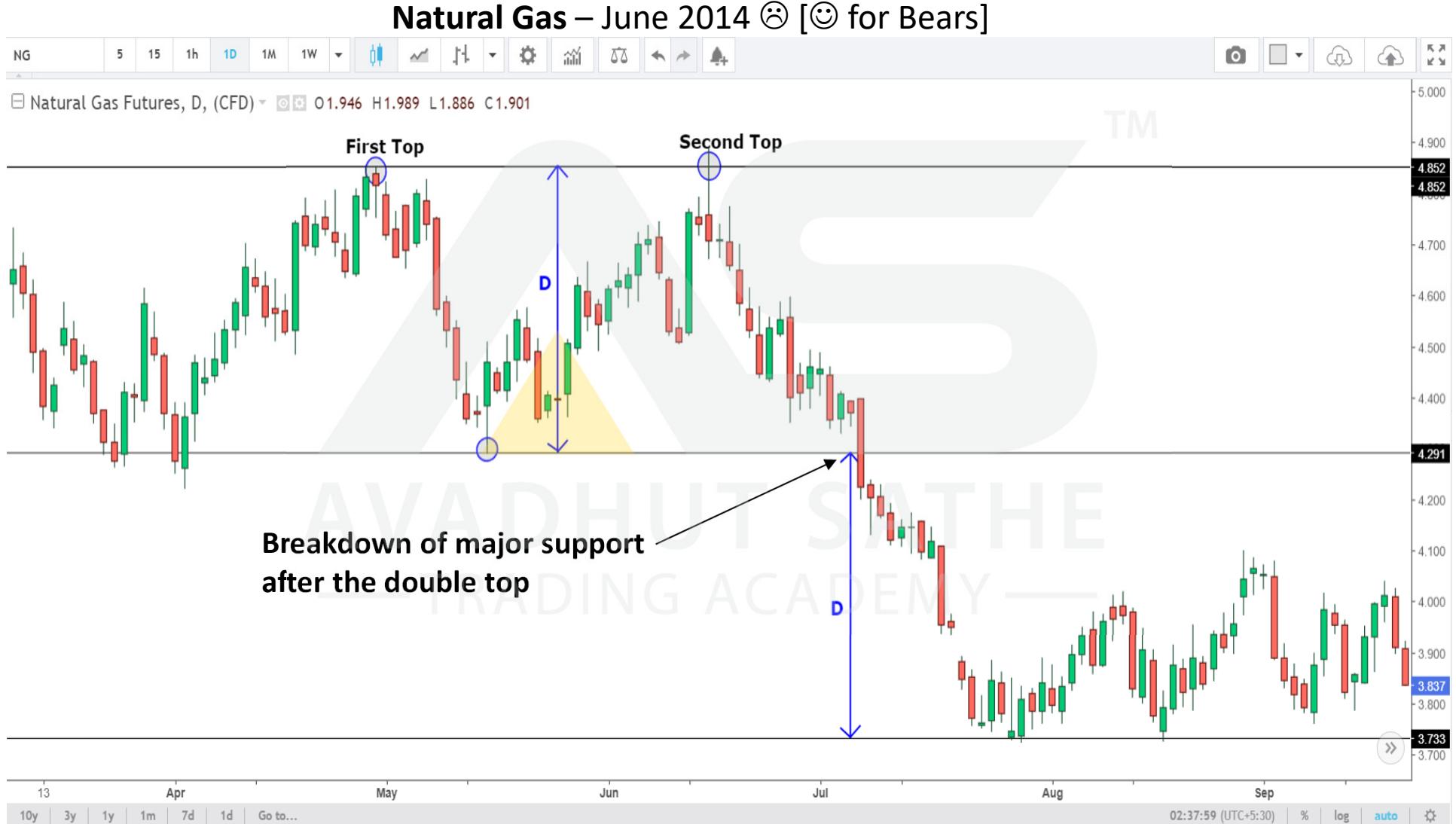
Head & Shoulder is a reversal pattern that indicates change in the uptrend. Hexaware stock was in an uptrend for 3-4 years. It changed the direction in June 2007. Eventually the downtrend ended after it made a bottom near 20

Head and Shoulder (H&S) Pattern

Ashok Leyland – May 2018 till date ☹ [☺ for Bears]



Double Top + False Breakout (M formation)

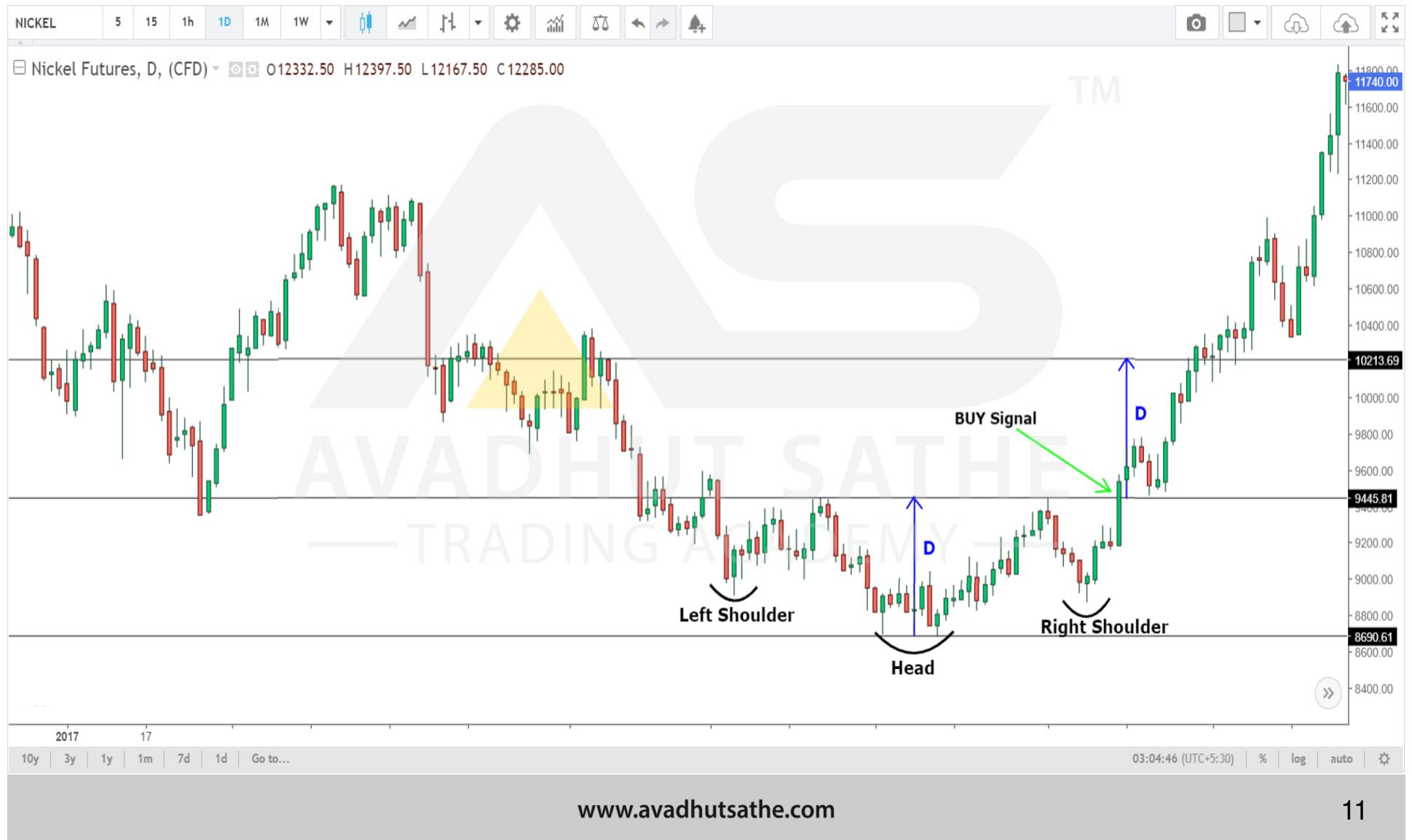


Bullish Reversal Chart Patterns



Inverted Head & Shoulder

Nickel – July 2017 ☺ [☺ for Bears]



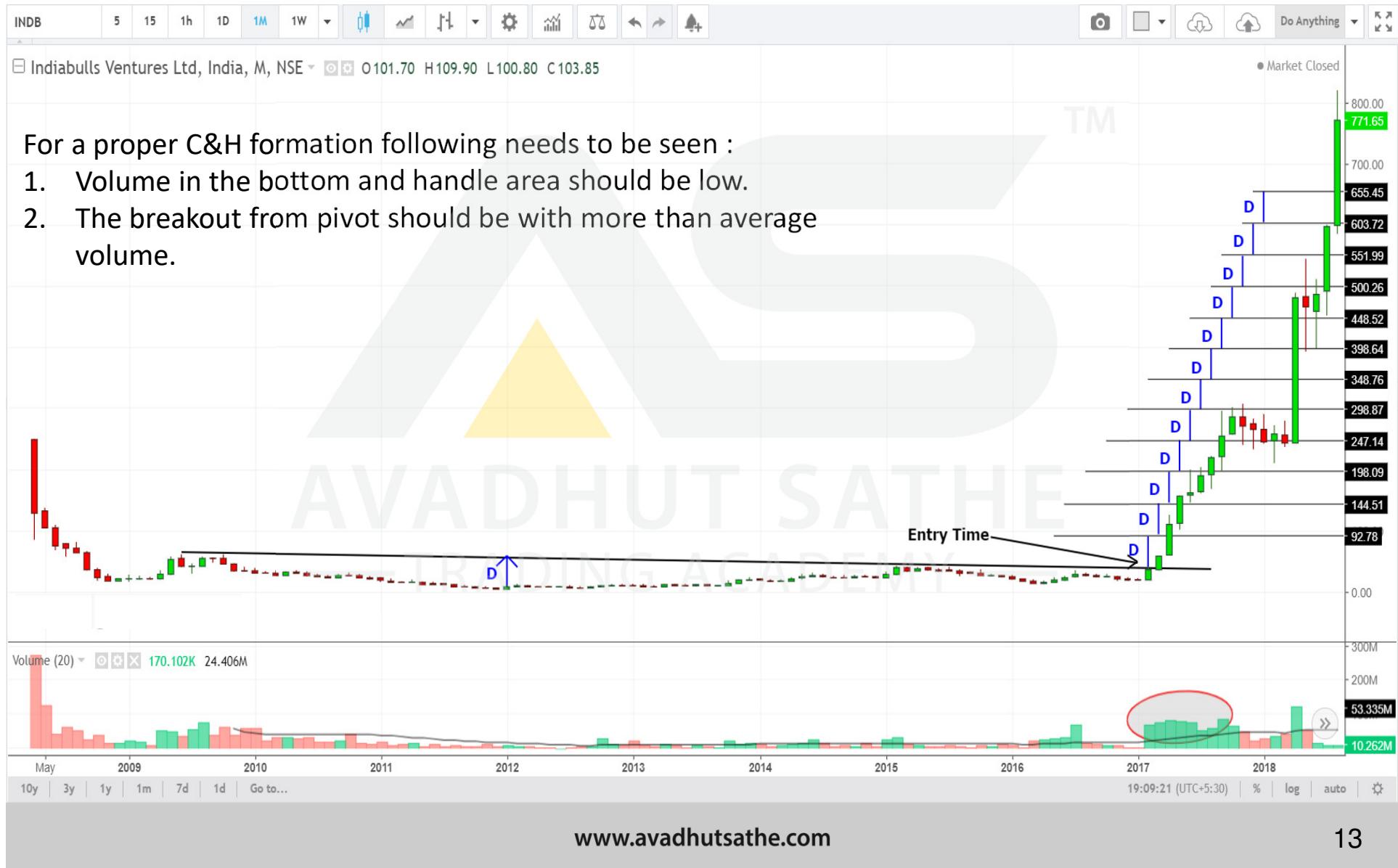
Double Bottom (W formation)

Crude Oil – Feb 2016 ☺ [☺ for Bears]



Cup & Handle

Indiabulls Ventures – Feb 2017 ☺ [☹ for Bears]



Flag & Pole (Bullish)

Jubilant Foodworks – Dec 2019 ☺ [☹ for Bears]



Flag & Pole (Bearish)

Tata Motors – Sept 2018 ☹ [😊 for Bears]



Ready for Question & Answers...!!??



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