

Twitter Thread by The Chartians



The Chartians

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Trading on chart patterns is difficult, Until you see this:

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Rounding Bottom or U Pattern or Saucer all are one and the same with different names and it is a bullish pattern.

Technically, it can be used for both continuation trades in an existing uptrend and reversal trade as well in the case of the downtrend.

Now how we trade rounding bottom pattern?

We try to find out stock that has the pattern but has not given a breakout above the neckline.

Generally, we have observed that majority move happens on breakout itself hence; we keep this stock in the watchlist just before breakout.

What does this mean?

Basically, we look out for the charts where price is consolidating just below the neckline or resistance.

As seen from the below chart where price was consolidation just below the resistance before the breakout and massive upmove.

Also, you would lot of Rounding Bottom Patterns when a stock is in uptrend. That's why this pattern is also called a bullish continuation pattern.

In below chart you can see 4 Rounding Top pattern in an uptrend for a stock.

Now the most important question is how we trade this pattern?

1. First identify stocks that have formed the rounding bottom pattern and are about to give a breakout.
2. Stoploss would be the nearest swing low before the current price.

3. How to set a target?

Just calculate the depth of the rounding bottom from high to the bottom. Add that much depth above the resistance to get the target of the trade.

Let's see a trade with live example:

In the FCL trade, a rounding bottom pattern was formed.

Some consolidation can be seen below resistance, which can be the buying point at 75.

Previous swing low at 65 was stoploss

Target was calculated at 95 using above method.

A good trade with Risk:Reward of 1:2.

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— The Chartians (@chartians) [August 6, 2022](#)

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