Twitter Thread by Pat

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■Chart Patterns Cheat Sheet■

The 13 Most Important Ones to Watch For ■

$SPY $QQQ

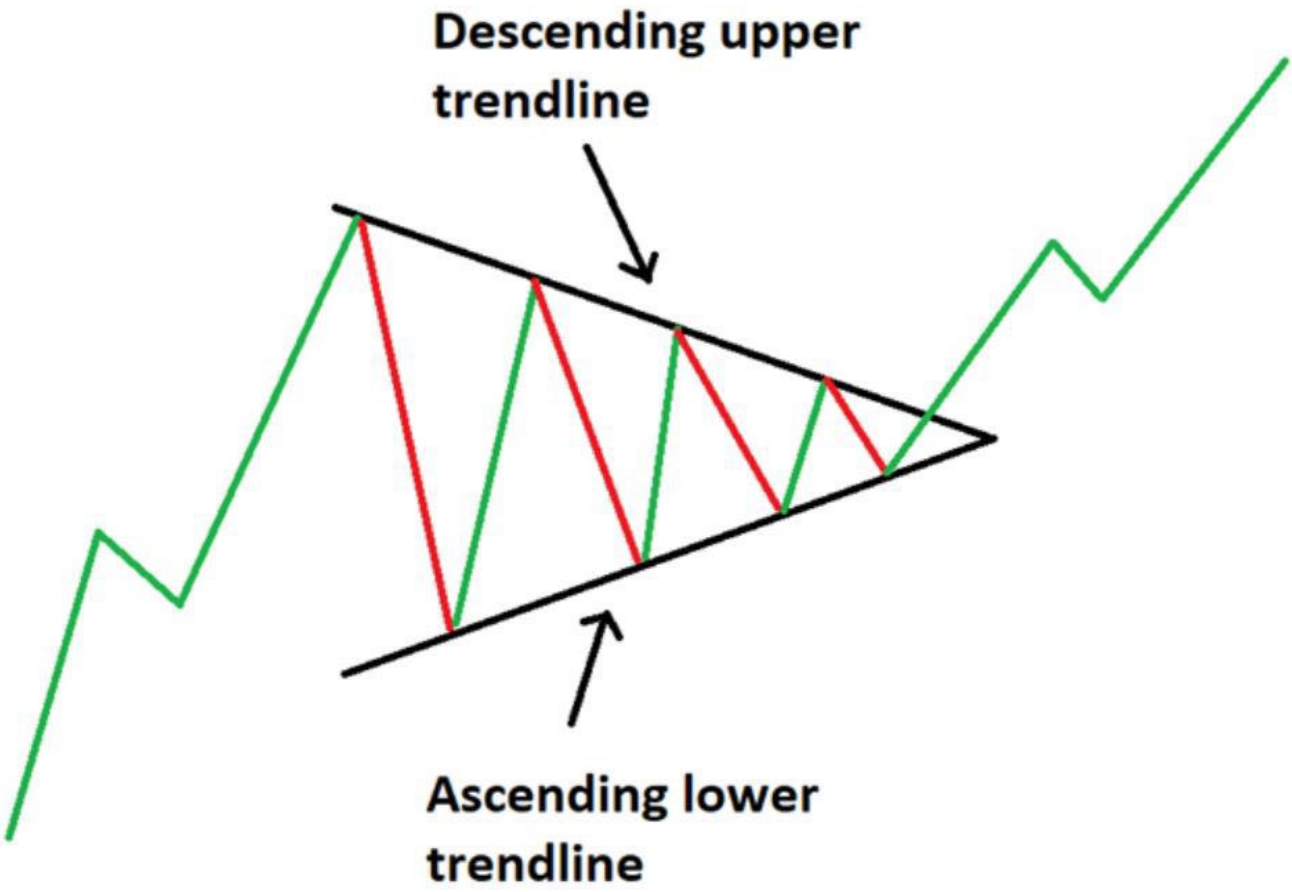
1■■ Ascending Triangle: This is a bullish pattern that hints a breakout is likely where the triangle lines converge. To draw this pattern, place a horizontal line (the resistance line) on the resistance points and draw an ascending line (the uptrend line) along the support points.



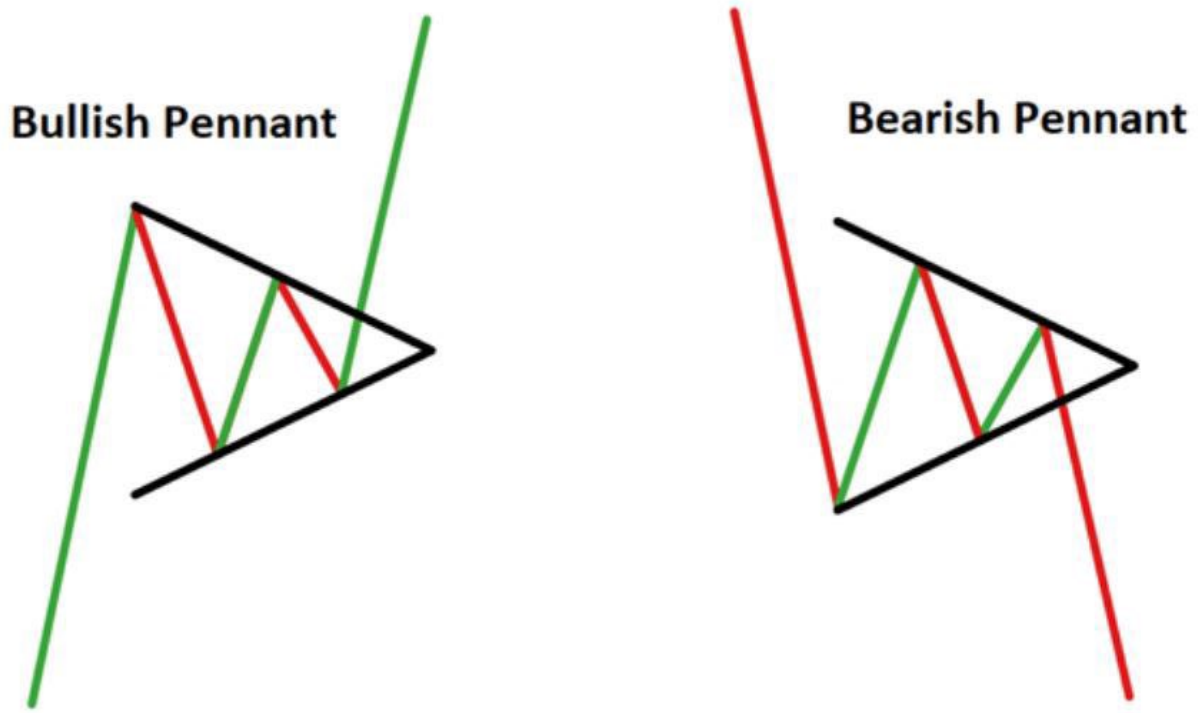
2■■ Descending Triangle: Unlike ascending triangles, the descending triangle represents a bearish market downtrend. The support line is horizontal, and the resistance line is descending, signifying the possibility of a downward breakout.



3■■ Symmetrical Triangle: Two trend lines start to meet which signifies a breakout in either direction. The support line is drawn with an upward trend, and the resistance line is drawn with a downward trend. Even though the breakout can go either way, it typically follows market.



4■■ Pennant: These are represented by two lines that meet at a set point. They are often formed after strong upward or downward moves where traders pause and the price consolidates, before the trend continues in the same direction.



5■■ Bullish Flag Pattern: The flag chart pattern is shaped as a sloping rectangle, where the support and resistance lines run parallel until there is a breakout. The breakout is usually the opposite direction of the trendlines, meaning this is a reversal pattern.



6■■ Bearish Flag Pattern: The flag chart pattern is shaped as a sloping rectangle, where the support and resistance lines run parallel until there is a move lower. The move lower is usually the opposite direction of the trendlines, meaning this is a reversal pattern.

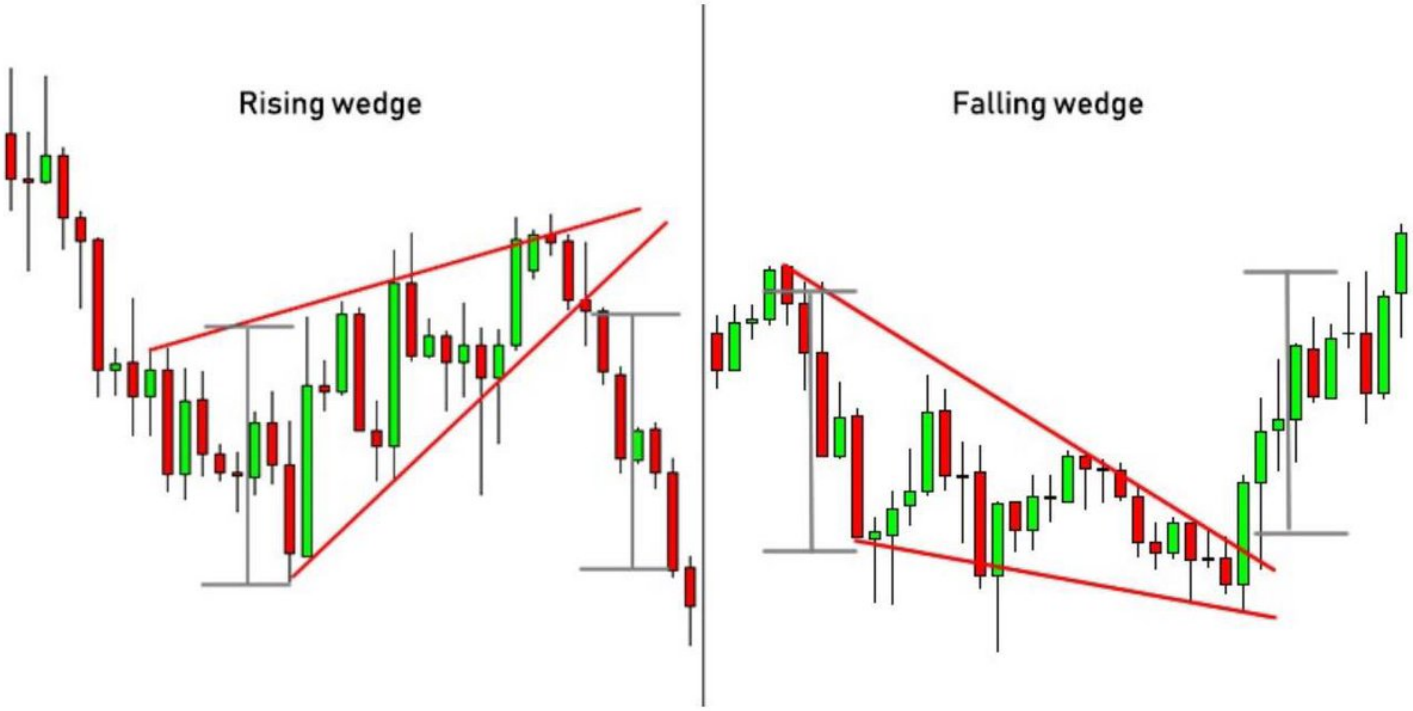


7■■ Cup and Handle: This is a well-known pattern that signals a bullish market trend. It is the same as the above rounding bottom, but features a handle after the rounding bottom. The handle resembles a flag or pennant, and once completed can see the market breakout upwards.



8■■ Wedge: This represents a tightening price movement between the support and resistance lines, this can be either a rising wedge or a falling wedge. Unlike the triangle, the wedge doesn't have a horizontal trend line and is characterized by either two upward trend lines…

… or two downward trend lines.
For a downward wedge it is thought that the price will break through the resistance and for an upward wedge, the price is expected to break through the support. This means the wedge is a reversal pattern as the breakout is opposite to the trend.



9■■ Double Bottom: Looks similar to the letter W and indicates when the price has made two unsuccessful attempts at breaking through the support level. It is a reversal pattern as it highlights a trend reversal. After unsuccessfully breaking through the price shifts to uptrend.



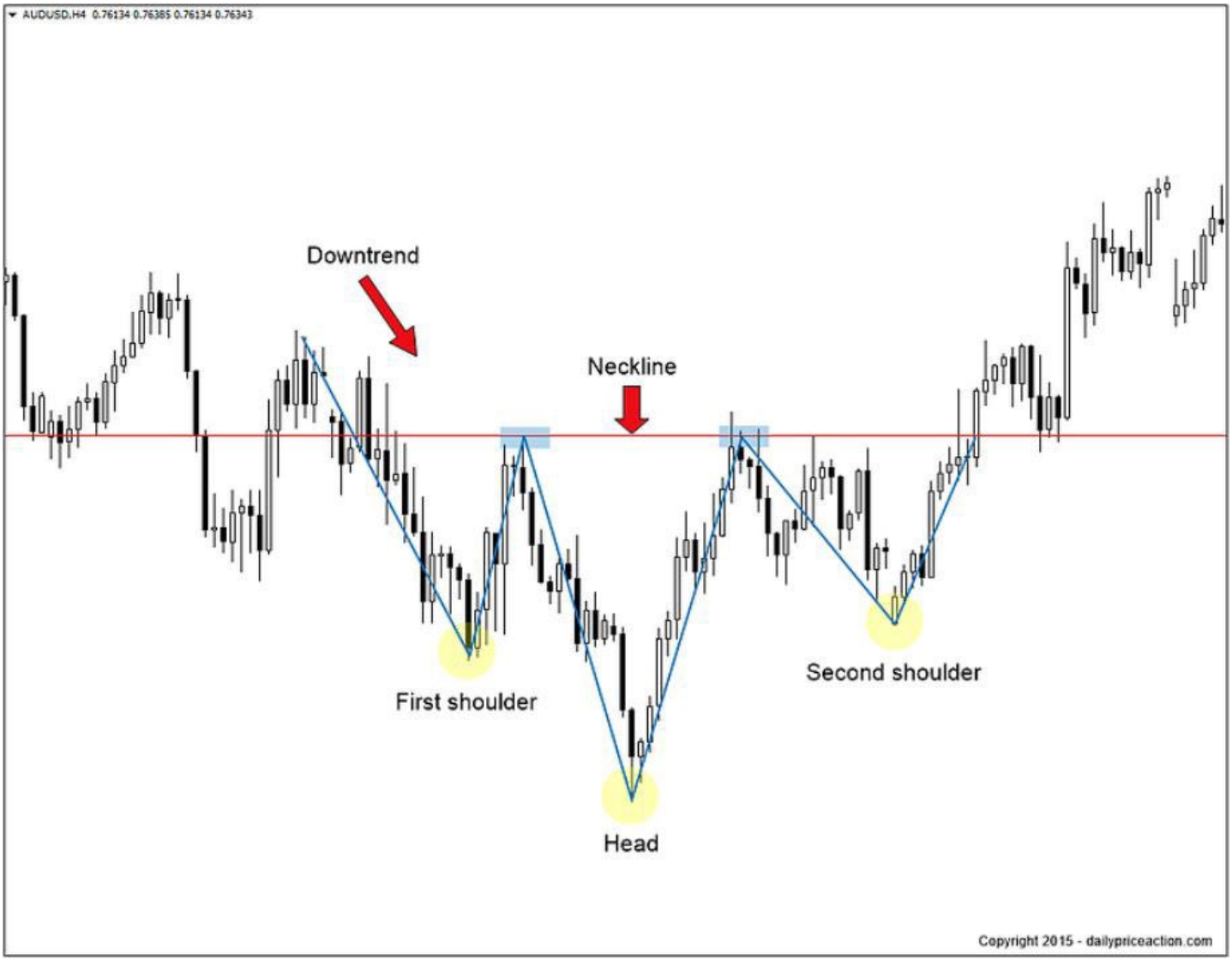
■ Double Top: Opposite to a double bottom,a double top looks much like the letter M. The trend enters a reversal phase after failing to break through the resistance level twice. The trend then follows back to the support threshold and starts a downtrend breaking through support.



1■■1■■ Head and Shoulders: This pattern tries to predict a bull to bear market reversal. Characterized by a large peak with two smaller peaks either side, all three levels fall back to the same support level. The trend is then likely to breakout in a downward motion.



1■■2■■ Inverse Head and Shoulders: The inverse h&s pattern occurs after an extended move down. It represents a possible exhaustion point in the market, where traders can begin to look for buying opportunities as the market establishes a bottom and starts to climb higher.



1■■3■■ Rounding Bottom: A rounding bottom or cup usually indicates a bullish upward trend. Traders can buy at the middle of the U shape, capitalizing on the bullish trend that follows as it breaks through the resistance levels.



Learn them, study them, memorize them… your trading game will be elevated if you can master these and spot them in every chart you look at.

There are other chart patterns, but these are the most common!

https://t.co/hKKNb6PJle

Once you finish the thread take that knowledge you learned and put it to good use on the best charting platform out there!
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