Twitter Thread by The Chartians



The Chartians
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Trading on chart patterns is difficult until you read this !■■

Everything about Ascending Triangle Pattern

Free Technical Analysis course (3/10) ■

Ascending triangle is created by price moves that allow for a horizontal line to be drawn along the swing highs and a rising trendline to be drawn along the swing lows.

Horizontal line is the resistance, trendline indicates higher lows, i.e. uptrend.

It is a bullish pattern.

How we trade Ascending Triangle pattern?

We try to find out stock that has this pattern but has not given a breakout above the resistance. That means it is forming higher lows and consolidating near resistance.

We track it before the breakout to capture a big move on breakout.

What does this mean?

Basically, we look out for the charts where price is forming higher lows and consolidating near the resistance.

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

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

1. First identify stocks that are forming Ascending Triangle pattern and are about to give a breakout.
2. Stoploss would be the nearest swing low below the current price.

3. How to set a target?

Just calculate the depth from resistance to the bottom of the pattern. Add that much depth above the resistance to get the target where you can book your profits.

Let's see a trade with live example:

In the CDSL Trade, an Ascending Triangle pattern was forming.
Some consolidation can be seen below resistance, which can be the buying point at 1434.

Previous swing low was at 1294 and was stoploss
Target was calculated as 1720, which got hit.

A good trade with R:R of 1:3.

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