Twitter Thread by ■■ TUNEZ 2000 ■■



■■ TUNEZ 2000 ■■
@cryptunez

PATTERNS - a thread.

what do dairy products, shampoo and the very first couple all have in common?

the answer is lines, shapes...or rather patterns that traders use to predict where price is going in the future.



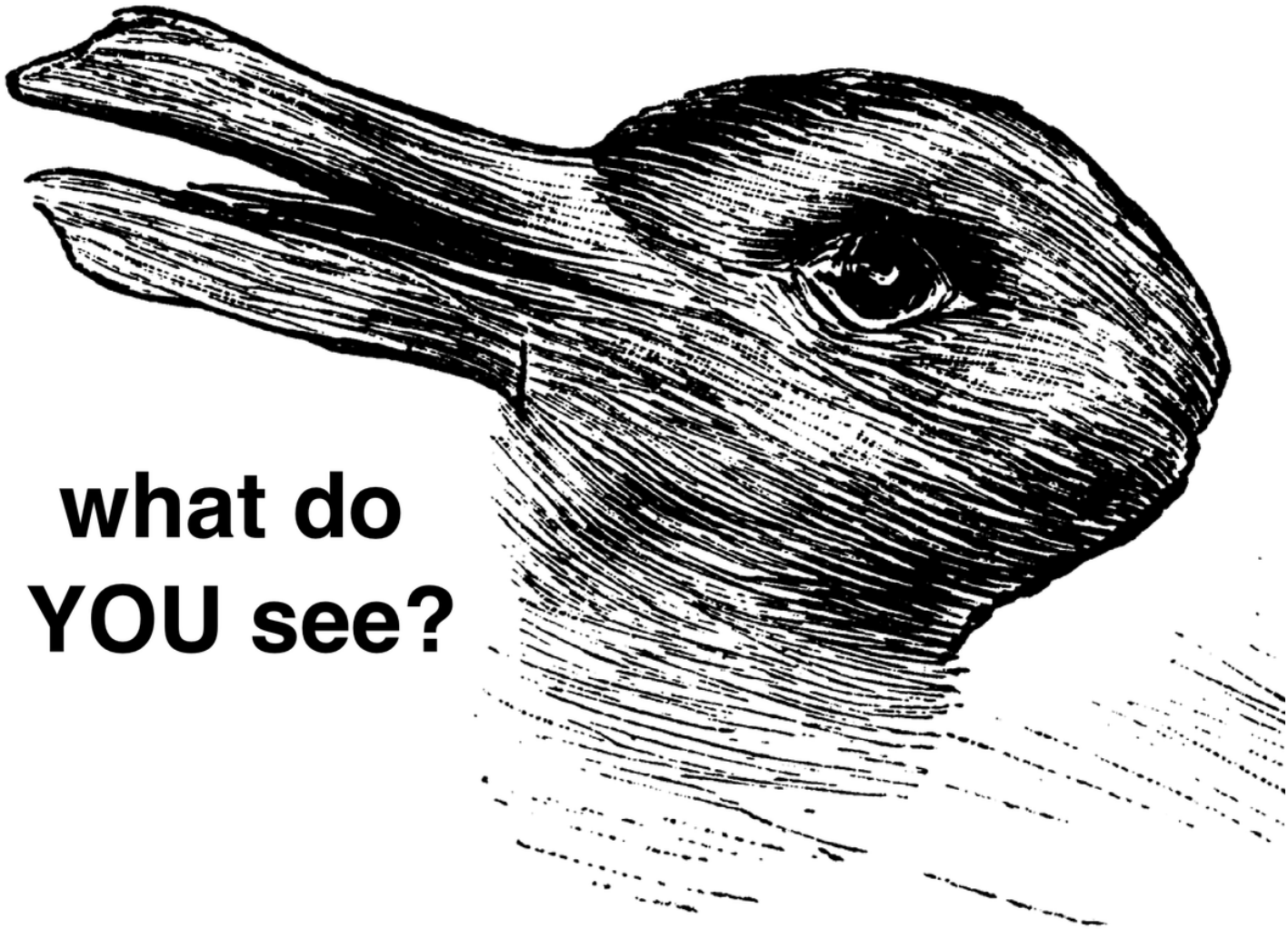
for years now, i've used these patterns systematically and have no clue how i would navigate my trading without them.

if i'm being honest i mostly learned from studying and trying to replicate charts from legends like @inversebrah, @LSDinmycoffee and @LomahCrypto

now patterns are supposed to make your charts simpler rather than adding unnecessary noise.

i've made TONS of mistakes in terms of bad, low effort and flat-out invalid patterns with my charts.

with analysis its very easy to make your charts look they way you *want* them to.



there have been some very expensive lessons as a result of these mistakes, but if those mistakes lead to knowledge i can apply to the future then it makes it all worth it.

i guess you can have fun staying poor...anyways

what did I learn? a lot.

there are countless patterns, and if i'm being honest you can almost "create your own" to suit your bias.

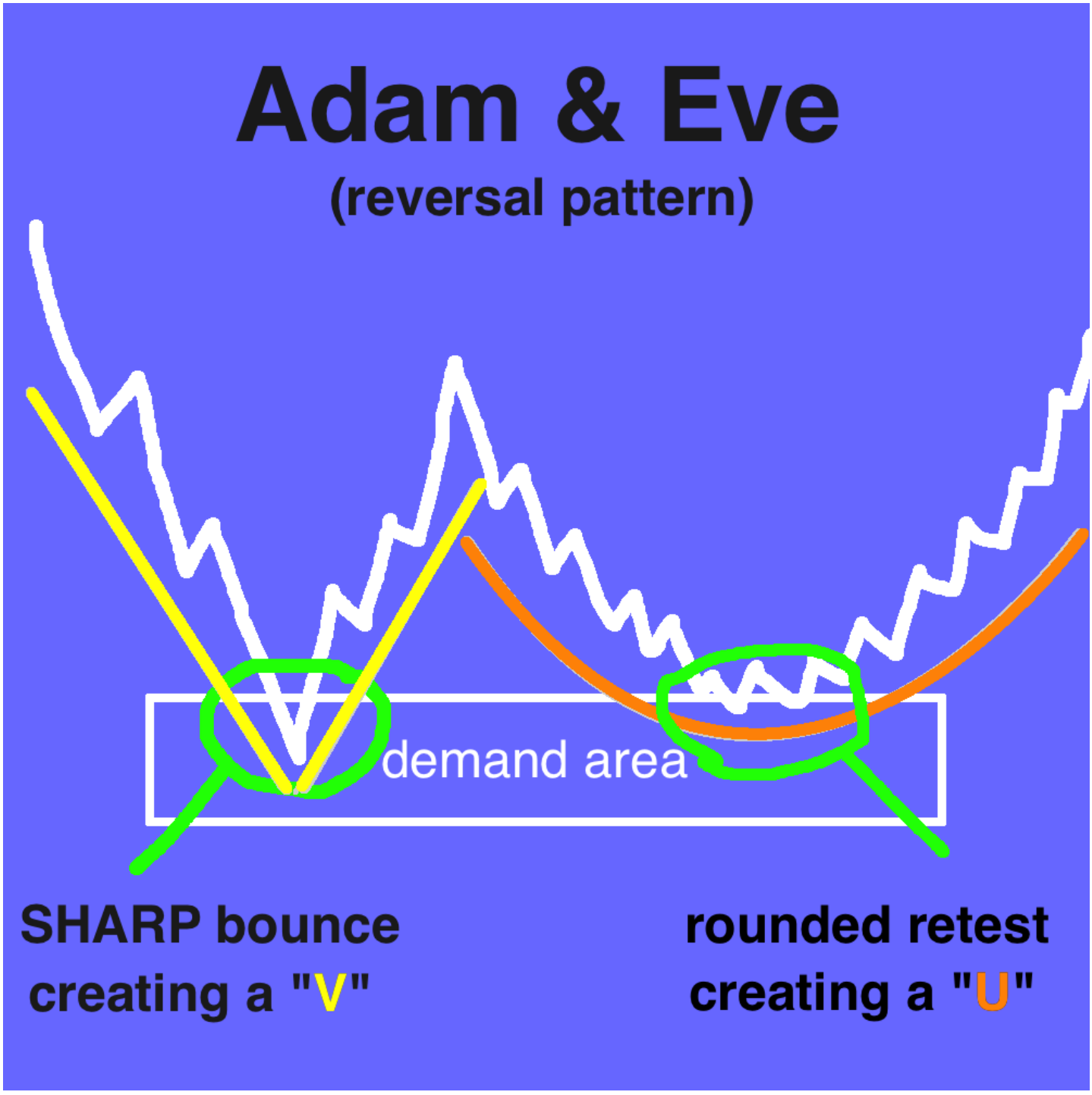
but for now, lets focus on three: Adam & Eve, Head & Shoulders and Wedges.

1 - Adam & Eve.

Adam & Eve is a reversal pattern and one of my favorites.

it's basically when you have a sharp reversal at a level, and then have price retest that level in a slower fashion.

price hits demand, bounces sharply, then curves in-and-out of the are it bounced from



an example of this is bitcoin's recent visit to 30k.

A: price sharp down
B: price sharp up
C: price slow curve into area of demand

and it's that simple

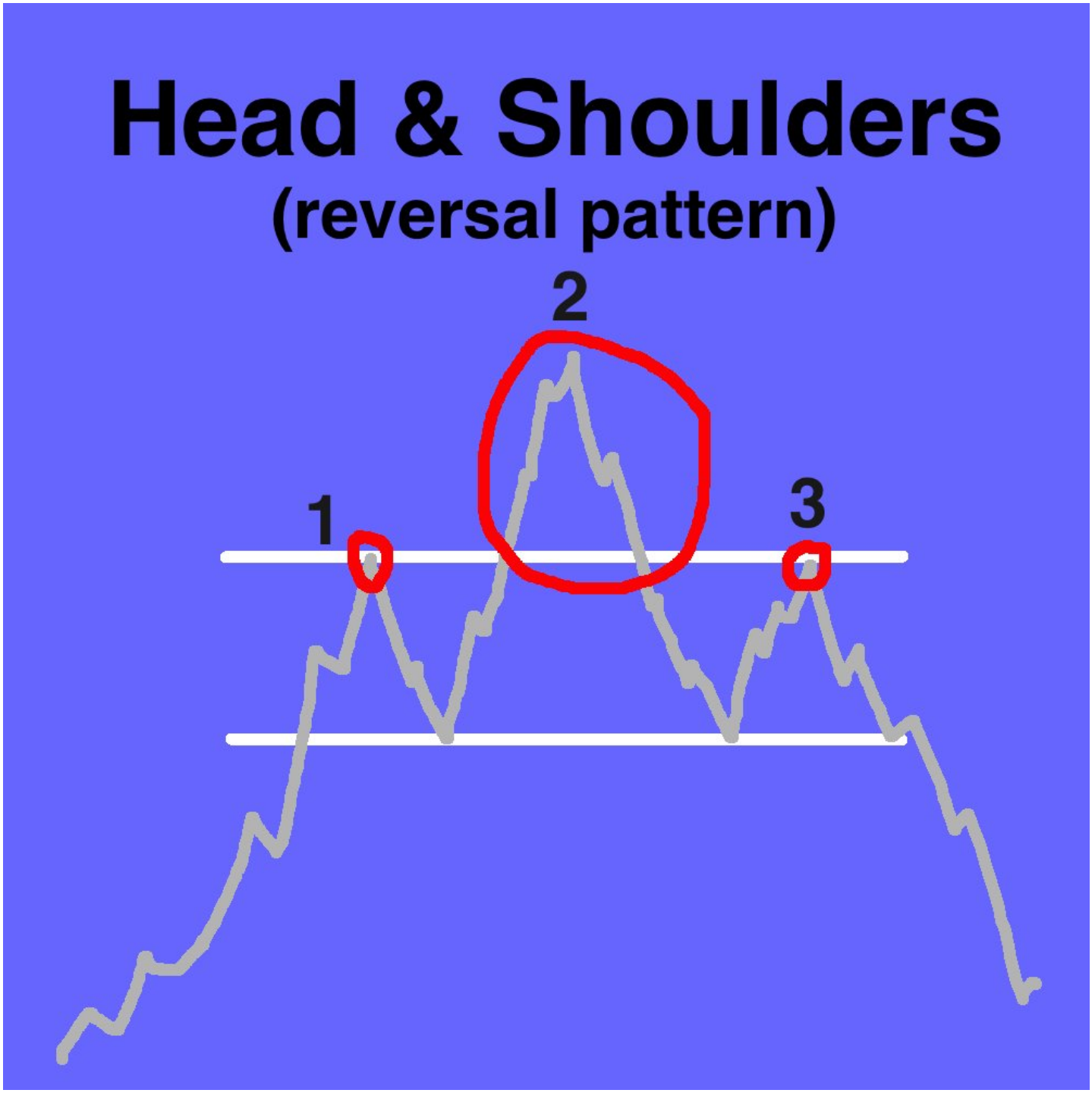
https://t.co/VCvOLmhUH3

> final update: adam & eve #BTC pic.twitter.com/yffLKl540C
>
> — \u26a1\ufe0f TUNEZ 2000 \u26a1\ufe0f (@cryptunez) January 14, 2021

2 - Head & Shoulders

Head & Shoulders is another reversal pattern and a recent CT favorite as bitcoin looks to be printing one of a few timeframes...or is it?

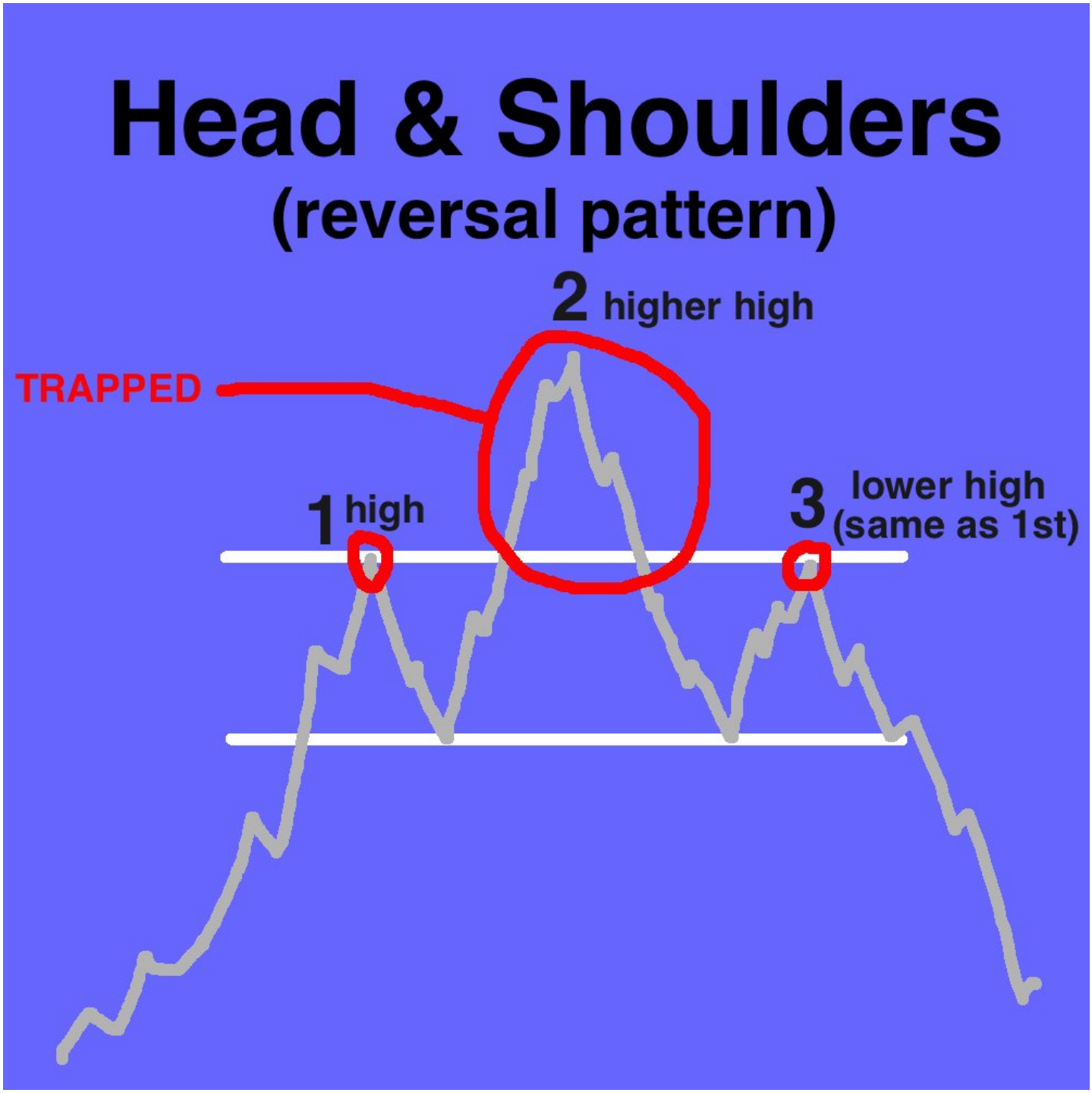
a Head & Shoulders is a pattern that consists of 3 highs with the 1st & 3rd being the same height & lower than the 2nd



it's simple:

1: high
2: higher high
3: lower how (equal to 1st high)

this pattern signifies that the level of 1&3 is a level of supply, and anybody that bought in 2 got faked out and is now trapped.

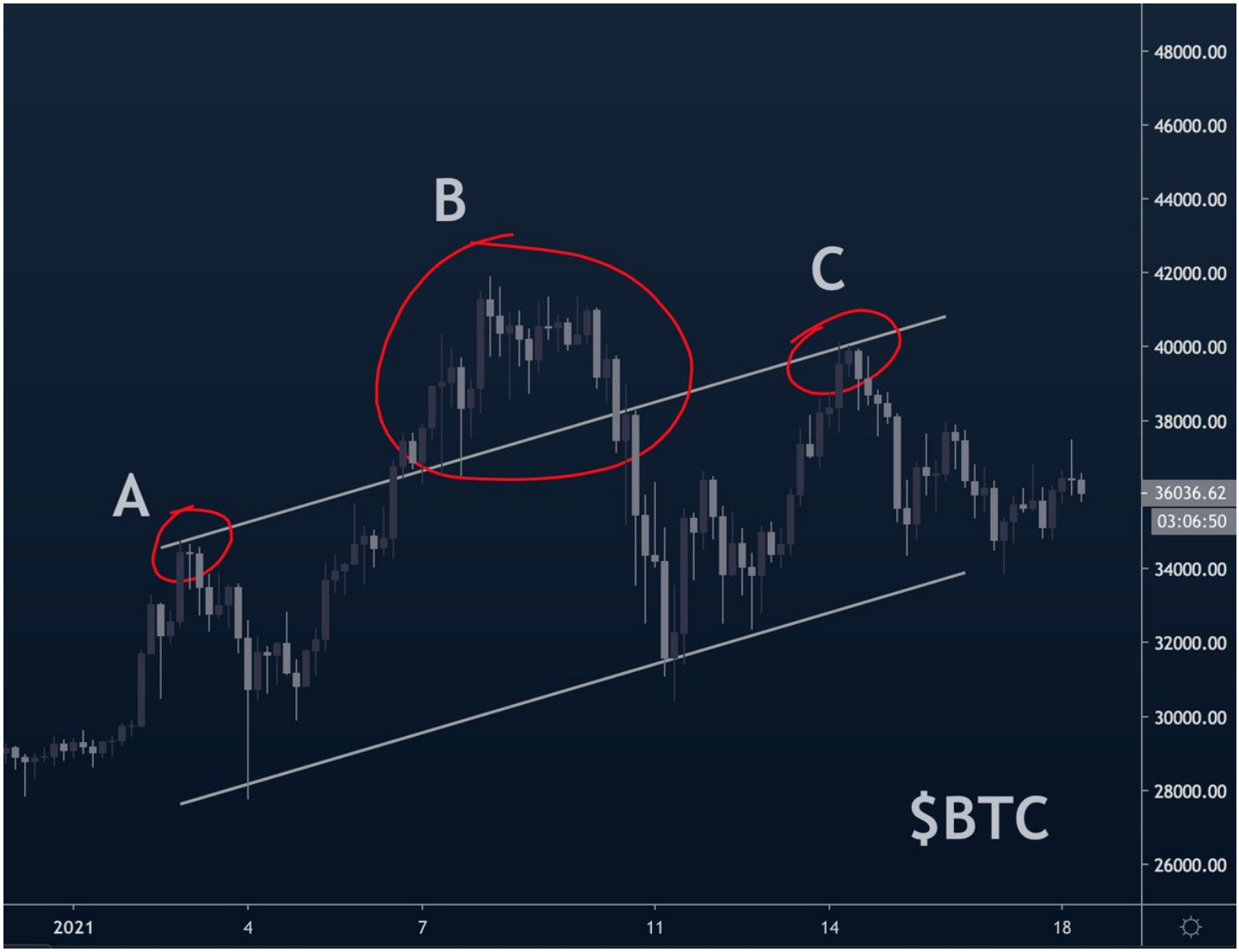


an example of this is bitcoin's current price action

A: high
B: higher high (buys trapped)
C: high (same level as first high)

and it's that simple.

wait...something doesn't look right here...more on this later



3 - wedges (or pennants, triangles, etc.)

now the wedge is powerful and must be respected.

this pattern (of two lines converging) is easily my favorite and most actionable setup.

in fact, i'm hi-jacking my own thread with a triangle masterclass. READ ■■ https://t.co/MkpXp9GXGF

> TRIANGLE MASTERCLASS - a thread.
>
> what's the simplest, most effective method of trading a market that trends as hard as cryptocurrencies?
>
> trendlines.
>
> one trendline on its own is strong, but when you put two together you quickly realize just how powerful this simple tool can be. pic.twitter.com/XiHUyn4SOH
>
> — \u26a1\ufe0f TUNEZ 2000 \u26a1\ufe0f (@cryptunez) January 18, 2021

now - bitcoin essentially has all 3 of these patterns playing out at the same time...so how do we navigate this properly?

well, I think with patterns we can use 2 variables to weight them

1. precision
2. size

1. precision

okay so this one right here is why/how I think a lot of traders misuse patterns.

it's very easy to let your bias influence a chart, rather than the other way around.

let me add two trendlines to a chart and I can make it look however I'd like.

when you're an objective observer to charts rather than an emotionally attached bagholder...

your analysis can become systematic and consistent.

you start seeing charts for what they are rather than what you want them to be

so how about a live example? okay.

bitcoin right now.

lets play a game of bearish vs. bullish

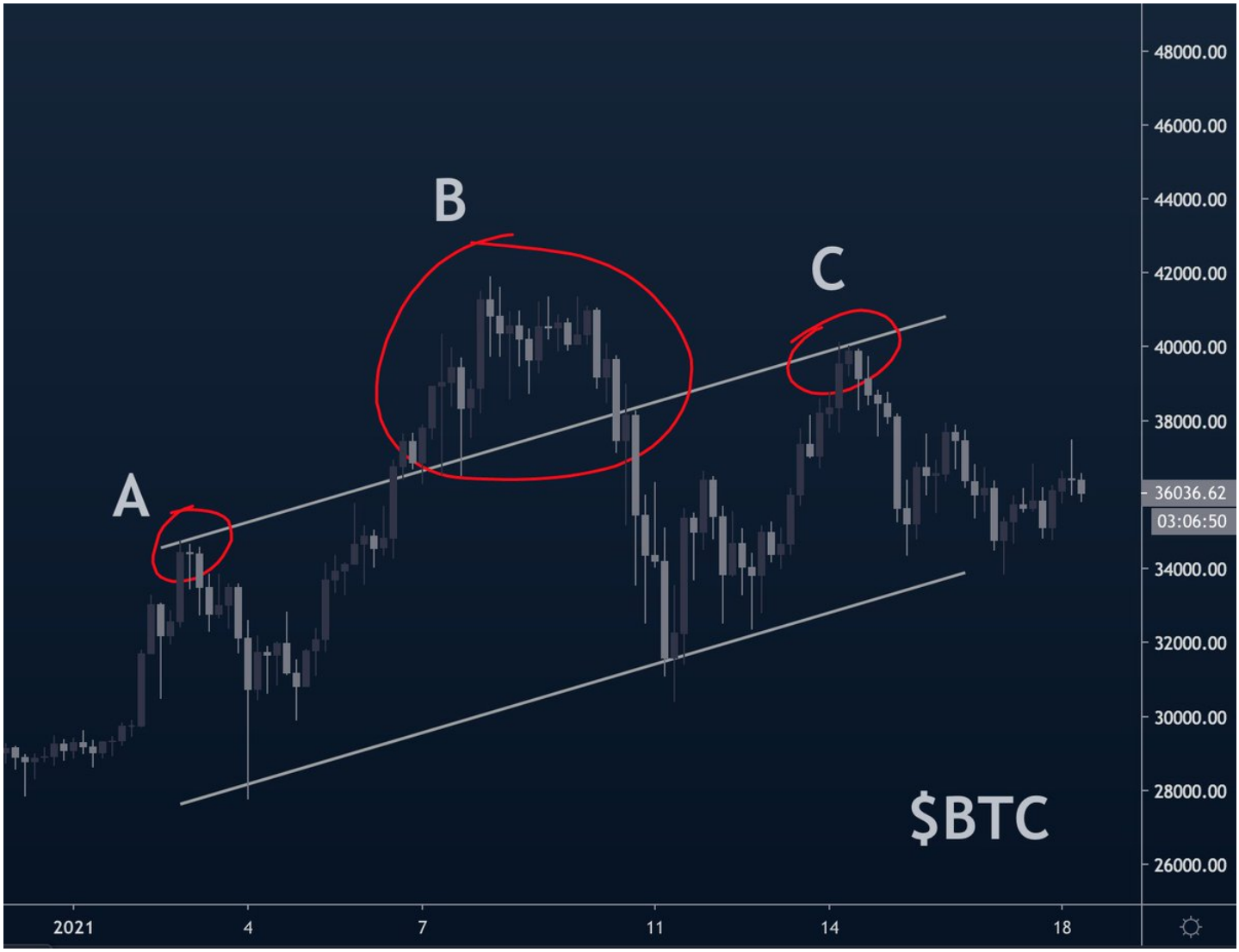


bearish bitcoin -

as we see we have a head & shoulders playing out.

precision - well, if our first and last high are supposed to be the same...and they aren't...then this pattern doesn't seem exactly "valid"

size - medium.



bullish bitcoin -

wait a second, is that the god triangle?

precision - seems precise...not forcing it.

size - large



so here we are, a bearish and bullish case.

but if we're being honest with ourselves it seems the bullish case is simpler, precise and less "forced"

plus, the pattern is larger. the higher the timeframe with your analysis, the more weight you give to it.

so I guess what we've boiled our analysis down to is that so long as bitcoin is above trendline A, we can maintain a bullish bias.

so long as bitcoin is below trendline B, we assume price is compressing



remember, with triangles you want to use one line for your bias and the other for your opportunity cost.

momentum is resetting...if bitcoin breaks above our op cost line we want to be long, if bitcoin breaks below our bias line we want to be short.

as @MagUraCrypto said, in the middle, while bitcoin is compressing/consolidating/being squeezed ...

we want to long altcoins

https://t.co/wVOlZ82osi

> So simple.. #bitcoin \U0001f602 go sideways pls pic.twitter.com/7aNlLLlxRm
>
> — \u03fb \U0001f53a \U0001d524 \U0001d532 \U0001d52f \U0001d51e [\ua729] (@MagUraCrypto) January 17, 2021

the whole point of these patterns is to make trading simpler, not more difficult.

it's only if you're able to separate your analysis from your emotions that you'll be able to do this effectively.

they say if a person shows you their true colors, you shouldn't try to repaint them.

same goes for your trading.



thanks for reading, i hope you enjoyed!

for more tips, tricks and tutorials on how i've navigated these markets since 2017 please join my free public telegram channel for more!

see you in there ■

https://t.co/DFOPJPdZKd