

PIPSTER

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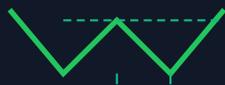
Chart Patterns Cheat Sheet

18 Essential Chart Patterns Every Trader Should Know

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REVERSAL

DOUBLE BOTTOM



- Two distinct troughs at approximately the same price level
- A peak (neckline) between the two troughs
- Volume often higher on the second trough

DOUBLE TOP



- Two distinct peaks at approximately the same price level
- A trough (neckline) between the two peaks
- Volume typically lower on the second peak

HEAD AND SHOULDERS



- Three peaks with the middle peak (head) being the highest
- Two lower peaks (shoulders) at approximately equal height
- Neckline connecting the lows between the peaks

INVERSE HEAD AND SHOULDERS



- Three troughs with the middle trough (head) being the lowest
- Two shallower troughs (shoulders) at approximately equal depth
- Neckline connecting the highs between the troughs

TRIPLE TOP



- Three peaks at approximately the same price level
- Two troughs between the peaks forming support
- All three peaks fail at the same resistance

TRIPLE BOTTOM



- Three troughs at approximately the same price level
- Two peaks between the troughs forming resistance
- All three troughs hold at the same support

ROUNDING BOTTOM



- Gradual, smooth U-shaped price curve
- Slow transition from decline to recovery
- Typically forms over many bars (40+ bars)

ISLAND REVERSAL



- Gap in one direction followed by consolidation
- Second gap in the opposite direction isolating the 'island'
- Island bars are visually separated from surrounding price action

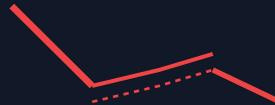
CONTINUATION

BULL FLAG



- Sharp, steep upward move forming the flagpole
- Tight, downward-sloping consolidation forming the flag
- Flag retraces only a small portion of the flagpole

BEAR FLAG



- Sharp, steep downward move forming the flagpole
- Tight, upward-sloping consolidation forming the flag
- Flag retraces only a small portion of the flagpole

PENNANT



- Sharp impulse move preceding the pattern
- Converging trendlines forming a small triangle
- Progressively smaller price swings within the pennant

CUP AND HANDLE



- Gradual U-shaped decline and recovery forming the cup
- Cup depth typically 15-30% of the prior advance
- Small pullback after the cup forms the handle

RECTANGLE



- Horizontal support and resistance creating a trading range
- Price bounces between the two levels at least 3 times
- Relatively equal bounces in both directions

RISING WEDGE



- Both trendlines slope upward but converge
- Higher highs and higher lows, but range narrows
- Upper trendline rises less steeply than the lower one

FALLING WEDGE



- Both trendlines slope downward but converge
- Lower lows and lower highs, but range narrows
- Lower trendline falls less steeply than the upper one

TRIANGLE / CONSOLIDATION

ASCENDING TRIANGLE



- Flat horizontal resistance line at the top
- Rising support line connecting higher lows
- Multiple touches of resistance (typically 3-4)

DESCENDING TRIANGLE



- Flat horizontal support line at the bottom
- Falling resistance line connecting lower highs
- Multiple touches of support (typically 3-4)

SYMMETRICAL TRIANGLE



- Both trendlines converge at roughly equal angles
- Series of lower highs and higher lows
- Decreasing volume as the pattern narrows