

Chart Patterns After the Buy - Wiley Trading

Chart patterns are a valuable tool for traders, as they can help to identify potential opportunities and risks. However, it is important to remember that chart patterns are not foolproof, and they should not be used as the sole basis for making trading decisions. In this article, we will discuss some of the most common chart patterns that can occur after a buy signal, and we will provide some tips on how to use these patterns to improve your trading results.

Continuation patterns are chart patterns that indicate that the current trend is likely to continue. These patterns typically form after a period of consolidation, and they can be used to identify potential trading opportunities.

Some of the most common continuation patterns include:

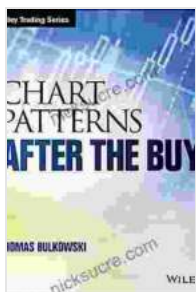


Chart Patterns: After the Buy (Wiley Trading)

by Thomas N. Bulkowski

★★★★☆ 4.4 out of 5

Language : English
File size : 15780 KB
Text-to-Speech : Enabled
Screen Reader : Supported
Enhanced typesetting : Enabled
Word Wise : Enabled
Print length : 499 pages
Lending : Enabled

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- **Triangles:** Triangles are formed when the price action moves between two converging trendlines. Triangles can be either symmetrical or asymmetrical, and they can be either bullish or bearish.
- **Flags and pennants:** Flags and pennants are formed when the price action moves within a narrow range, and they are typically followed by a breakout in the direction of the trend.
- **Wedges:** Wedges are formed when the price action moves between two diverging trendlines. Wedges can be either bullish or bearish, and they can indicate a potential reversal of the trend.

Reversal patterns are chart patterns that indicate that the current trend is likely to reverse. These patterns typically form at the end of a trend, and they can be used to identify potential trading opportunities.

Some of the most common reversal patterns include:

- **Double tops and double bottoms:** Double tops and double bottoms are formed when the price action makes two highs or lows at approximately the same level. These patterns can indicate a potential reversal of the trend.
- **Head and shoulders:** Head and shoulders patterns are formed when the price action makes a high, followed by a lower high and then a lower low. These patterns can indicate a potential reversal of the trend.
- **Inverted head and shoulders:** Inverted head and shoulders patterns are formed when the price action makes a low, followed by a higher low and then a higher high. These patterns can indicate a potential reversal of the trend.

Chart patterns can be a valuable tool for traders, but it is important to use them in conjunction with other technical analysis tools. When using chart patterns, it is important to consider the following factors:

- **The context of the pattern:** The context of the pattern is important, as it can help to determine the significance of the pattern. For example, a continuation pattern that forms at the end of a trend is more likely to be successful than a continuation pattern that forms in the middle of a trend.
- **The volume of the pattern:** The volume of the pattern is important, as it can help to confirm the strength of the pattern. A pattern with high volume is more likely to be successful than a pattern with low volume.
- **The time frame of the pattern:** The time frame of the pattern is important, as it can help to determine the potential trading opportunity. A pattern that forms on a short-term chart is more likely to produce a short-term trading opportunity, while a pattern that forms on a long-term chart is more likely to produce a long-term trading opportunity.

Chart patterns are a valuable tool for traders, but they should not be used as the sole basis for making trading decisions. By using chart patterns in conjunction with other technical analysis tools, traders can improve their chances of success.



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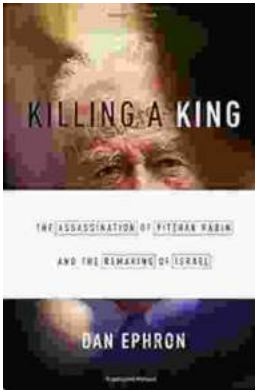
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