PATTERN STAGES AND TYPES

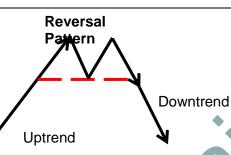**Four Stages to a Pattern**

1. Trend
2. Pattern
3. Breakout
4. Trend

Two Types of Pattern

1. Reversal
2. Continuation

REVERSAL PATTERNS

NAME	DESCRIPTION	DIAGRAM
DOUBLE TOP	• A reversal pattern at the top of an uptrend. • Price forms two swing highs at approximately the same price level. • The pattern is confirmed on a break of the intermediate swing low.	
DOUBLE BOTTOM	• A reversal pattern at the bottom of a downtrend. • Price forms two swing lows at approximately the same price level. • The pattern is confirmed on a break of the intermediate swing high.	

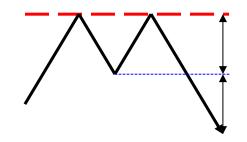## REVERSAL PATTERNS

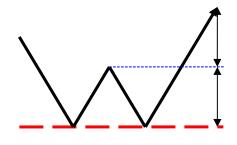| NAME	DESCRIPTION	DIAGRAM
TRIPLE TOP	- A reversal pattern at the top of an uptrend. - Price forms three swing highs at approximately the same price level. - The pattern is confirmed on a break of the lowest of the intermediate swing lows.	
TRIPLE BOTTOM	- A reversal pattern at the bottom of a downtrend. - Price forms three swing lows at approximately the same price level. - The pattern is confirmed on a break of the highest of the intermediate swing highs.	
HEAD AND SHOULDERS	- A reversal pattern at the top of an uptrend. - Price forms a swing high, a higher swing high, and a lower swing high. - The pattern is confirmed on a break of the neckline – the line joining the intermediate swing lows.	
INVERTED HEAD AND SHOULDERS	- A reversal pattern at the bottom of a downtrend. - Price forms a swing low, a lower swing low, and a higher swing low. - The pattern is confirmed on a break of the neckline – the line joining the intermediate swing highs.	

CONTINUATION PATTERNS

NAME	DESCRIPTION	DIAGRAM
SYMMETRICAL TRIANGLE	• A continuation pattern. • Price contracts with lower swing highs (falling trendline) and higher swing lows (rising trendline) towards a single point. • The pattern is confirmed on a break of the triangle, usually occurring in the final third of the pattern.	
ASCENDING TRIANGLE	• A continuation pattern. • Price contracts with level swing highs (short-term resistance) and higher swing lows (rising trendline) towards a single point. • The pattern is confirmed on a break of short-term resistance, usually occurring in the final third of the pattern.	
DESCENDING TRIANGLE	• A continuation pattern. • Price contracts with lower swing highs (falling trendline) and level swing lows (short-term support) towards a single point. • The pattern is confirmed on a break of short-term support, usually occurring in the final third of the pattern.	
RECTANGLE	• A continuation pattern. • Price forms a short-term range with level swing highs forming short-term resistance and level swing lows forming short-term support. • The pattern is confirmed on a break of the pattern in the continuation direction.	

CONTINUATION PATTERNS

NAME	DESCRIPTION	DIAGRAM
FLAG	• A continuation pattern. • Price forms a short-term consolidation, tilted against the direction of the market trend, between approximately parallel sloping support & resistance. • The pattern is confirmed on a break of the pattern in the continuation direction.	
PENNANT	• A continuation pattern. • Price forms a short-term symmetrical triangle pattern (smaller scale than the usual symmetrical triangle). • The pattern is confirmed on a break of the pennant in the continuation direction.	

REVERSAL OR CONTINUATION PATTERNS

NAME	DESCRIPTION	DIAGRAM
RISING WEDGE	• A continuation or reversal pattern. • Price forms higher swing highs and higher swing lows which both converge towards one point. • The pattern is confirmed on a break of the lower trendline of the pattern.	
FALLING WEDGE	• A continuation or reversal pattern. • Price forms lower swing highs and lower swing lows which both converge towards one point. • The pattern is confirmed on a break of the upper trendline of the pattern.	