2/21/12

Consolidation & Continuation Patterns

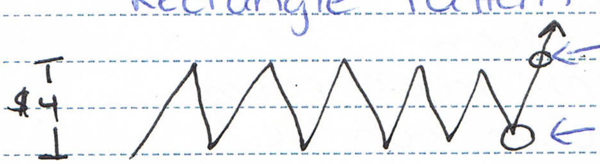
Rules

- Buy position on a break out of pattern
- Be aware of potential reversals (and whipsaws)
- SET STOPS on opposite side of your entry line
- The potential initial move is ~~the~~ usually equal to the trading range of the pattern

Continuation Patterns

- The way a stock ~~ha~~ is moving while it retraces in a trend
- Generally a stock will "continue" in the trend when the patterns occur

Rectangle Pattern - 2-4 or more weeks



← enter trade on breakout

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- Stock That's moving sideways
- Represents equal balance between buyers & sellers
- Breakout determines ° direction you are going to trade
- Often Breakout is same direction as original trend
- Rally will usually begin as high as channel's height