

ROBERT NORMAN

SHARECHARTING.COM.AU

AN INTRODUCTION TO SHARE TRADING AND TECHNICAL ANALYSIS

MODULE 4

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INTRODUCTION

In this module we look at some better-known patterns that often produce trading opportunities just as reliable as the resistance break (cup & handle) pattern described in a previous module.

IMPORTANT:

1. All patterns need to be identified on a weekly chart with the daily chart only used to get a better idea of volume and movement when the pattern breaks above the resistance formed by the upper boundary of the patterns.
2. For a pattern to be valid it must have 2 weekly peaks and 2 weekly troughs on the upper and lower boundaries of the pattern.

Time and time again I see tips about a great trading opportunity based on a pattern developing on the daily chart - but when you look at the 'pattern' on the weekly chart, it can't be seen.

As noted elsewhere – daily patterns 'might' work but they are less reliable than daily and all trading decisions should be made on a weekly chart with confirmation perhaps sought from the greater detail in a daily chart

FLAG PATTERNS

When price makes a sideways pattern in a range bounded by two parallel lines it forms a rectangle (as per the chart of NAB below). This is called a flag pattern.

