Bulkowski’s Trading Quiz

What chart patterns can you find? A hint appears below and answers on the next page.

**Hint.** Look for the following chart patterns (If you find others, great!): ugly looking diamond, 3 falling peaks, triangle, 2 wedges, channel.
Unfortunately, I don’t show the last 2 days on the chart. Price closes above the top of the triangle on volume that is slightly less than the last bar on this chart.

**Question 1:** Do you buy, short, or avoid trading this stock?
**Question 2:** If trading this one, what is the target price?
**Question 3:** If trading this one, what is the stop price?

The answers appear below and a chart on the next page.

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**Answer 1:** Buy because of the upward breakout

**Answer 2:** Measure the height of the triangle from highest high to flat bottom trendline and project it upward from the breakout price. Price meets the prediction 84% of the time.

**Answer 3:** Stop price would be the below the bottom of the triangle. That would mean a potential loss of just over 4%. 
Price broke out upward from the triangle and then quickly reversed, hitting the stop in just days.

It happens. If you didn’t have a stop in place, look at your loss!

The end.