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!): 2 wedges, triangle, 3 broadening patterns.
Imagine that you own this stock. How do you decide when to sell? That’s a tough call when there’s no chart patterns to call the top. That may mean the top has not been reached yet, but more likely it means that price has reversed without creating a pattern you recognize.

**Question 1:** Do you sell this stock now? The analysis appears on the next page.
Victor Sperandeo in his book *Trader Vic – Methods of a Wall Street Master* described his trend change method which I call the 1-2-3 trend change. My books *Trading Classic Chart Patterns* and *Getting Started in Chart Patterns* discuss the method at length. Here’s a brief review.

Draw a trendline from the lowest low to the highest high on the chart such that the line doesn’t pass through prices until AFTER it reaches the high. I show this line in red in the above chart.

Step 1: Price closes below the trendline (point 1)
Step 2: Price retests the high. Sometimes it exceeds the prior high but most times, as in this case, it doesn’t. The high is 2A and the retest is point 2.
Step 3: Price drops below the minor low (valley) between the two peaks, 2A and 2.

After all three steps occur, price has changed trend and it’s time to sell a long position or consider going short.

The next page shows the chart.
Price completed the 1-2-3 trend change and formed a rounding turn. After that, price moved up in a straight-line run and formed higher highs. Price at A reached a high of 26.85 and the low at B was 21.19, a decline of 21%, which qualifies as a trend change (20% is the minimum).

The end.