What chart patterns can you find? The chart today appears on TWO pages with a hint after that.

This is the daily chart.

Go to page 2 chart!
Hint. Look for the following chart patterns (If you find others, great!): broadening pattern, head-and-shoulders, triangle, Big W or an Eve & Eve double bottom.
The head-and-shoulders bottom broke out as the above picture shows. On 7/12, a broker upgraded the stock from hold to buy, but the stock closed up only 9 cents. Bad reception of an earnings announcement sent prices lower forming the right shoulder.

**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 charts on the following pages.

**Answer 1:** Since you are late getting into the trade, wait for the throwback.

**Answer 2:** Measure the height of the head-and-shoulders from the head low to the neckline directly above and use this height added to the breakout price for a target.

**Answer 3:** It depends on where you buy (since I suggest waiting). The right shoulder looks like it might be a good location because of the inherent support.
Here’s notes from the time I was considering placing the trade.

“My gut feeling is that the stock will curl around in a throwback. When it begins moving up after that, then it’s a buy for the longer term. A trendline drawn from the high on the chart downward using the 1-2-3 trend change method I outlined in my book *Trading Classic Chart Patterns* (page 22) and in *Trader Vic – Methods of a Wall Street Master* also suggests a trend change has occurred. The line follows the peaks and bottoms slightly above the right shoulder low.

“Here we can still see the head-and-shoulders but now we also see a rounding turn. It’s not as rounded as I like to see but I think the shape suggests price has bottomed.”

The next page shows what happened next.
The stock signaled a buy when price closed above the blue, down-sloping neckline. A throwback attempt was made but it took longer than a month, so it doesn’t count. The big news is I didn’t take the trade. I checked my notebook and there was no entry explaining why. Looks like a missed a good trade.

The end