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!): diamond and head-and-shoulders
The PP in April is a weekly pipe bottom shown on the daily scale. The diamond top appears in October and the head-
and-shoulders top is recent.

This is an exercise in selling. Suppose you own the stock shown above. When do you sell? The head-and-shoulders top
has a close below the neckline. The neckline is the blue line drawn connecting the two armpits. That’s also the
traditional sell signal. But the sell signal has a flaw. What is it?

The above chart shows the problem in a modified picture. With steep down-sloping trendlines, you may never get a sell
signal using the traditional approach. Is there a better way, a sell point that signals sooner? Yes. See the next page.
Draw a horizontal line even with the right armpit as shown above in red. If you placed an order to sell when price moved below the red sell line, you would have sold at 26.50. This compares to a traditional sell signal of 25.89.

You might even try selling at the green ‘sooner sell line’ I show above. I haven’t tested this one (but have the red one) so I’m not sure how well it works. I drew the horizontal line starting from the left armpit low.

Any time you have a multiple bump pattern, like a triple top/bottom or head-and-shoulders, try drawing a trendline along the peaks and valleys and use them as sell signals instead of the traditional lowest low or highest high. Sometimes, it can get you into a trade or out of one a bit sooner and you’ll save money.

The end