Hint. Look for the following chart patterns (If you find others, great!): 2 scallops, 2 broadening formations.
Instead of discussing a hypothetical trade, a trader asked me about identifying a partial rise or decline as being a tradable signal. Let’s take a closer look at the Jan-Feb pattern above.

This is a zoom in on the above picture. The swing low begins at A and rises to B in a straight-line run then retraces to C. Is C a valid partial decline? First, the chart pattern should be fully established, and it is although I’m not crazy about this one because of the lack of trendline touches, but I digress. If you use patternz, you can right click on A and B then click the retrace button and the 3 Fibonacci retrace lines (shown here in green) will appear. I like to see price touch the 62% line before moving up and I’ll usually buy once it clears the highest high in the pattern (B).

Price touches the 50% retrace line before rebounding and it looks like a well-behaved partial decline. If you are an aggressive trader, once you think price has turned at one of the Fib retrace values, then go long. Price might pause at the old high (B), so consider selling all or part of your position there. If the price breaks out upward immediately, and it does 81% of the time, then you’re set. For less aggressive traders, wait for price to close above point B, the highest high.

How did this trade do? See the next page.
Price never climbed above B, shown as the red line, before tumbling. Thus, the partial decline ended in a failed buy signal because price continued moving lower instead of posting an immediate upward breakout. That’s one reason I don’t like trading broadening patterns – they just don’t perform that well. Price eventually recovered to post a new high.

The end