Here’s the latest 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!): triple top, 2 scallops, head-and-shoulders, double top, wedge, triangle.
Price has broken out upward from the symmetrical triangle and then thrown back at point A. Since then, price has moved up.

**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 on the next page.
My answers to the questions are buried in my notebook entry for the trade.

“5/13/03 I bought at market. This is a symmetrical triangle after throwback play...a bit late on entry. I don't have good vibes from this. I think the semiconductor industry sucks and this is a supplier to it. Still, it's breaking out to new highs and the overall market is strong. I see overhead resistance at 15, 17, and 20. Support at triangle apex is at 12. Stop at 11.25, below a recent low. I think it will push through 15, pause at 17, waffling, then make it to 20. If it hits 18, that would be a double in just a few months. Not likely. CCI is at high end. RSI is mid range. MACD is green and growing.”

CCI is the commodity channel index, RSI is relative strength index, and MACD is moving average convergence/divergence.

Here’s a chart of the resistance I saw.
The stock hit overhead resistance shown as the blue line and has made lower lows for 2 days.

**Question:** If you owned the stock, what would you do?

The next page shows the answer.
As I look back at my notebook, I'm surprised I called the move so well. I wrote: “I think it will push through 15, pause at 17, waffling, then make it to 20.” The bottom blue line is at 17, the top at 20. You can see that price pushed through 15 and started waffling at 17, nearly touching 20 in early July.

Here’s my notebook entry for the sale.

“7/10/03 I sold my position in the stock, at market open, because I think the market is turning. I've made 20% in 2 months, and the CCI is diverging, suggesting a stock drop. It's been rounding over for a few days now and the semiconductor equipment manufacturing is the hot sector now. Time to sell. It didn't hit my 20 target, but pushed through resistance at 15 and 17 nicely.”

The end