Hint. Look for the following chart patterns (If you find others, great!): Easy quiz today: triangle, broadening pattern, pennant, scallop.
Price has broken out downward from the symmetrical triangle.

**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 a chart on the next page.

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**Answer 1:** Either sell an existing holding or consider shorting the stock.

**Answer 2:** Measure the height from highest high to lowest low and subtract the result from the breakout price -- the point where the stock pierces the trendline. The target is: $19.03H - 15.87L = 3.16$ height. $16.65 \text{ (bkout)} - 3.16 = 13.49$. As a check, compute the percentage decline to see if it’s reasonable: $3.16/16.65 = 19\%$. That sounds high but doable. You can multiply the height by 48% because that’s how many hit their targets using the full height measure. The result will give you a closer target and better odds of reaching it.

Check for underlying support when you search for a price target. The pennant congestion should give support at 16, so look for price to stall or turn there. There’s another congestion zone at 15 in July (circled in green).

**Answer 3:** I think a good location is at point A, 17.71. That’s a 7% loss. 2x volatility of 95 cents means place a stop no closer than 18.10 for a potential loss of 9.6%.
Price continued lower, piercing both green support zones. I expected 15 to hold but it came close. Price bottomed at 14.37.

**Question**: Should you close out your short now or wait for additional gains (more of a decline)?

The answer appears on the next page.
Price found support at the three bottoms which you can say is a triple bottom or a descending triangle. Since the breakout from the triangle is upward, I would have covered my short. Notice how price found support near the larger triangle apex (red line), which commonly occurs. Also notice that price eventually hit the 13.49 price target and continued lower.

The end