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!): 4 triangles, head-and-shoulders, Big M, double top.
The symmetrical triangle has an upward breakout. Patterns are not easy to find in this stock because price seems to be quite volatile (thinly traded with wide trading ranges intraday).

**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:** Buy because of the upward breakout.

**Answer 2:** Since there is little overhead resistance, use the measure rule. The height of the triangle is \(18.85 - 15.65 = 3.20\). Add this to the breakout price of 17.75 for a target of 20.95. Price reaches the target 66% of the time, so you can multiply the height by 66% to get a more conservative target.

**Answer 3:** I think a good stop would be below the pattern as I have shown at point A. You might want to run volatility on it to make sure it’s not too close, but there’s a good measure of support above the point and I think it will work well.
Price has climbed since the breakout. What do you do now? To answer that, look for additional chart patterns. That will determine if you should make any changes to your position.

What patterns can you find after the throwback? The answer appears on the next page.
Price has thrown back to the ascending triangle top. Do you hold on, buy more, or sell?

See the next page.
It’s easy to determine a sell point in hindsight, but not in real time. I extended the two trendlines from the ascending triangle forward. You might want to sell if price closes below the intersection of the two lines (near the green sell line). Even a close below the magenta sell line, setup as a long trendline from the October lows, would work well.

Price touched 21.04, just pennies above the 20.95 target. If you had placed a sell order at that price, you would have traded this one perfectly!

The end