

goodcrypto

chart patterns for crypto trading



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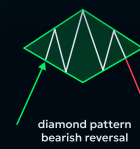
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rectangle from bullish
trend bullish continuation

rising wedge from bearish
trend bearish continuation



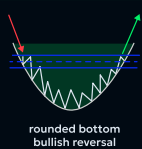
diamond pattern
bearish reversal



diamond pattern
bullish reversal



cup & handle
bullish reversal

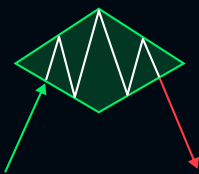


rounded bottom
bullish reversal

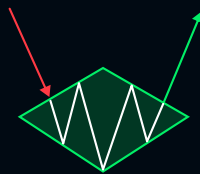


Detecting and trading reversal patterns are some of the best ways to make considerable profits. To help you quickly spot them, we created this trading patterns cheat sheet for quick visualization of these chart reversal patterns.

There are two main trading patterns in day trading – crypto reversal patterns and continuation patterns. The reversal chart patterns usually trigger higher trading volumes and can help you make good amounts of profit.



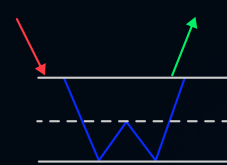
diamond pattern
bearish reversal



diamond pattern
bullish reversal



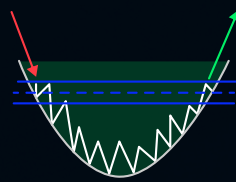
double top
bearish reversal



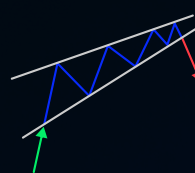
double bottom
bullish reversal



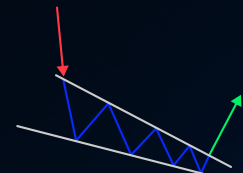
cup & handle
bullish reversal



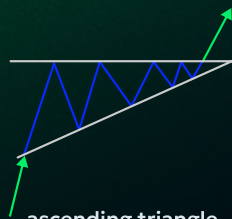
rounded bottom
bullish reversal



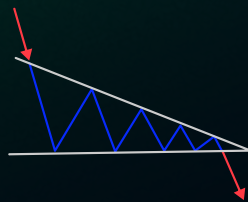
rising wedge from bullish
trend bearish reversal



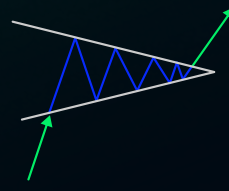
falling wedge from
bearish reversal



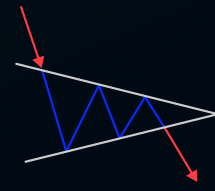
ascending triangle
bullish continuation



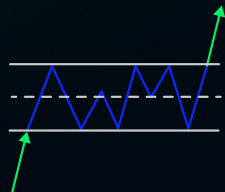
descending triangle
bearish continuation



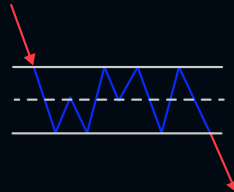
symmetrical triangle
from bullish trend
bullish continuation



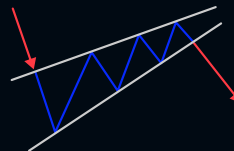
symmetrical triangle
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bearish continuation



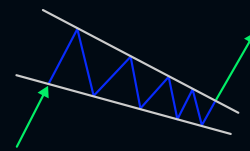
rectangle from
bullish trend bullish
continuation



rectangle from
bearish trend bearish
continuation



rising wedge from
bearish trend bearish
continuation



falling wedge from
bullish trend bullish
continuation

Trend reversal patterns fall into two distinctive categories:

- Bearish reversal patterns, which signal a trend reversal to the downside and provide sell signals.
- Bullish reversal patterns, which signal a trend reversal to the upside and provide buy signals.

reversal patterns



diamond trading pattern

The diamond chart pattern signals a reversal pattern in the general trend of the asset. So is the diamond chart pattern bullish or bearish, – it's both, as the pattern can occur on either market tops or bottoms.

In our example, the diamond pattern occurs on a market top. In diamond pattern, the breakout isn't considered at the moment the candles break the line. Instead, to calculate the breakout level, you should take the height of the diamond and project it under the spot where the price breaks the diamond. Only once the price goes under this breakout level, you can consider placing a short order.

A confirmation through high volume should give additional confidence that the price will continue declining.

Try to find the pattern



double top pattern

The price encounters overbought conditions and tests the resistance zone twice. After the second rejection, a double top trading pattern is formed. The price breaks support and gives way to a sell signal. Your short target price will be the difference from the support to the resistance.

Find the pattern



double bottom pattern

In the chart above, we can see the price following a downtrend and finding support. The price tests this support 2 more times, forming the double bottom chart pattern. Actually, in our case, it's a triple bottom, which works exactly like the double bottom pattern. A significant bounce allows the price to break out of the resistance and reverse the trend. The first take profit target should be of the same height as the distance between the support and resistance.

Just like with the double top, the double bottom price target is provided by the distance of the support and resistance zones.

Try to find the pattern



cup and handle pattern

The cup and handle is a rounded bottom pattern with a twist. It forms a U shape that resembles a cup and is accompanied by a short downward trend that makes up the handle. It's considered a bullish reversal pattern and can be used for placing long positions right above the handle breakout, which confirms the trend reversal.

Trade using patterns



rounded bottom pattern

Similar to the cup and handle, the rounded bottom pattern forms a U shape. However, it doesn't present a "handle" to signal the breakout. Instead, the rounded bottom breakout is simply projected from the neckline resistance.

This pattern is used to confirm trend reversals for long-term bearish trends.

Try to find the pattern



rising wedge chart pattern

The bearish rising wedge is formed by prices registering at least two higher highs and two higher lows. This rising wedge pattern is considered extremely bearish because it can signify one of two things:

- A slow continuation of a bearish trend
- A reversal of a bullish trend

In either case, a rising wedge breakout usually results to a bear market.

In the example above, you can see a rising wedge continuation pattern, where the short bullish uptrend forms a wedge with higher highs and higher lows. The volume decline shows momentum buildup towards a bearish breakout. Shorts are to be placed under the wedge breakout zone, with the target equating to the opening of the wedge.

Find the pattern



falling wedge chart pattern

As you might have guessed by now, the falling wedge pattern is the bullish version of the rising wedge pattern chart. The descending wedge pattern is made out of at least two lower highs and two lower lows.

So, regardless of the trend, the falling wedge breakout will signify an entry into a bull market.

Trade using patterns

continuation patterns



ascending triangle pattern

The ascending triangle pattern is a continuation pattern that signals a continuation of a bullish trend.

The triangle is formed by at least two higher lows and two linear highs and comes from a macro uptrend.

Consequently, an ascending triangle breakout means that the general uptrend is resumed, with a considerable increase in price and volume.

Trade using patterns



descending triangle pattern

The descending triangle is the second type for triangle pattern trading that signals a bearish trend continuation. This descending triangle originates from a bearish trend where the price finds linear support and trends horizontally forming lower highs.

The lower highs slowly build momentum which leads to the descending triangle breakout and a considerable price decrease with the pattern completion.

Try to find the pattern



symmetrical triangle pattern

Finally, we have the symmetrical triangle pattern, which is a bullish or bearish continuation pattern, depending on the trend it is confirming. If it originates from a bullish trend, a symmetrical triangle will most likely give a buy/long signal. If, on the other hand, the symmetrical triangle chart pattern comes from a bearish trend, it will usually give a sell/shorting signal on a breakout.

The bearish or bullish symmetrical triangle builds up momentum with lower highs and higher lows. Once again, the pattern breakout will provide a price target following the opening of the triangle.

In the chart above, you can notice a bullish symmetrical triangle formation. The opening of the triangle once again helps us determine a profit-taking target before another price reversal happens once again.

Find the pattern



rectangle pattern

The rectangle pattern is a slight variation of the triangle trading technique. Rectangle pattern trading is done within a trend, where the price remains between two horizontal support and resistance lines.

Just like the triangle patterns, the rectangle pattern predicts a continuation of the previous trend, bullish or bearish, but worth noting that the rectangle top pattern generates much less momentum than its triangle counterparts.

Trade using patterns

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