The Underground Trading Community

ASCENDING AND DESCENDING TRIANGLES

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Ascending and descending triangles are continuation patterns characterized by a horizontal line (resistance or support) and a converging trendline, indicating a potential breakout.

Ascending Triangle:
- Bullish continuation pattern
- Horizontal upper resistance line and rising lower support line

Descending Triangle:
- Bearish continuation pattern
- Horizontal lower support line and falling upper resistance line

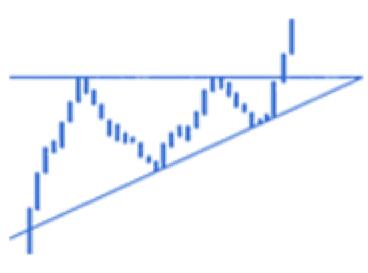
Key Characteristics

1. **Formation:** Occurs during an established trend
2. **Duration:** Can form over weeks or months
3. **Volume:** Typically decreases as the pattern develops
4. **Breakout:** Often occurs near the apex of the triangle

Identifying Triangle Patterns

1. Spot a series of equal highs (ascending) or lows (descending)
2. Draw a horizontal line connecting these equal points
3. Draw a converging trendline connecting the lows (ascending) or highs (descending)
4. Confirm decreasing volume as the pattern progresses
5. Look for a breakout near the apex of the triangle

Trading Strategies



1. Breakout Trading:
- Enter a long position (ascending) or short position (descending) when price breaks out of the pattern
- Place a stop loss just inside the triangle

2. Price Target:
- Measure the height of the triangle at its widest point
- Project this distance from the breakout point for a potential price target

3. Pullback Strategy:
- Wait for a pullback to the breakout level after the initial move
- Enter the trade if the breakout level holds as new support/resistance

Risk Management

Use a stop loss on the opposite side of the triangle from the breakout

Consider trailing stops to protect profits as the breakout progresses

Be cautious of false breakouts, especially if not accompanied by increased volume

Variations

1. Symmetrical Triangle:
Both trendlines converge at equal angles

2. Right-Angle Triangle:
One trendline is exactly horizontal

3. Expanding Triangle:
Trendlines diverge rather than converge

Tips for Trading Triangles

Confirm breakouts with increased volume for higher probability trades

Be aware that triangles can sometimes act as reversal patterns rather than continuation patterns

Use multiple timeframe analysis to confirm the significance of the triangle

Consider other technical indicators (e.g., RSI, MACD) for additional confirmation