

Section 5

Intermediate Price Patterns

Section Review Questions

Question 1

During the formation of which element of a Head & Shoulders pattern is volume usually the heaviest?

- a) The head
- b) Right shoulder
- c) Left shoulder
- d) First corrective dip

Question 2

During the formation of most chart patterns, volume usually _____ during the formation of the pattern and _____ during the breakout from the pattern.

- a) Expands, expands
- b) Expands, contracts
- c) Contracts, contracts
- d) Contracts, expands

Question 3

Which is true regarding the following chart?



- a) The long-term uptrend remains intact
- b) The steeper trend line has been broken and is now potential resistance

- c) If the price action violates the lower trend line there is potential for continued price decline
- d) All of the above

Question 4

Would the pattern indicated on the following chart be considered a valid Head & Shoulders top pattern? Why or why not is it valid?



- a) Yes, the pattern is valid because you can clearly see the head and both shoulders
- b) No, it is not valid because the pattern was violated as soon as the height of the right shoulder went above the height of the left shoulder
- c) Yes, the pattern is valid because the price action broke out of the right shoulder
- d) No, the pattern is not valid because the right shoulder never broke below neckline support

Question 5

Which of the following is a common measuring technique used to estimate a potential price target in a Symmetrical Triangle pattern?

- a) Measure the length of the triangle and apply it to the breakout point
- b) Measure the distance from the breakout point to the apex of the triangle and apply it to the breakout point
- c) Measure the widest part of the pattern and apply it to the breakout point
- d) There are no measuring techniques that can be applied to symmetrical triangles

Question 6

All of the following patterns can be identified on both bar charts and candlestick charts EXCEPT?

- a) Head & Shoulders top
- b) Bullish Catapult
- c) Ascending Triangle
- d) Rounding Bottom

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Section Review Answers

1) c

2) d

3) d

4) d

5) c

6) b