

WealthAlpha Master Guide

Chapter 7: Pattern Recognition Mastery

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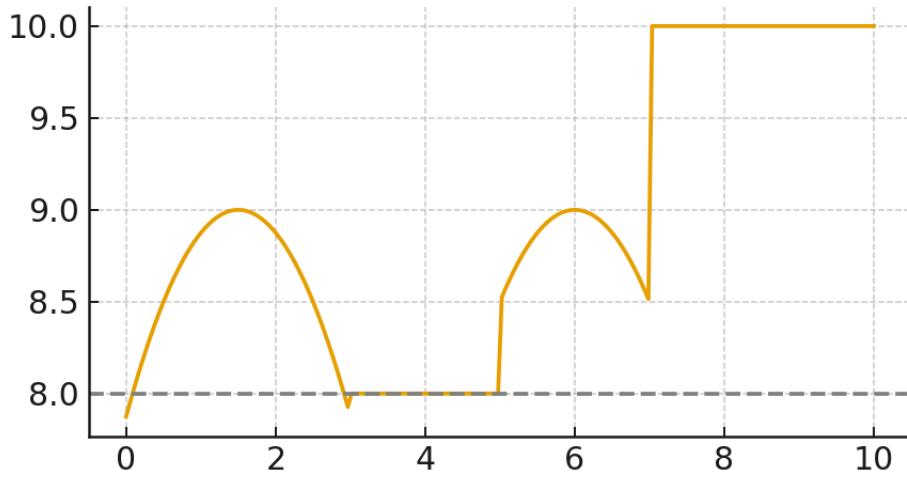
Chapter 7: Pattern Recognition Mastery

WealthAlpha Advantage: Our AI scans 5000+ stocks daily for these classic chart patterns and flags high-probability breakouts — saving you manual screening time.

Patterns emerge from collective investor psychology. Recognizing them gives DIY investors a powerful timing edge.

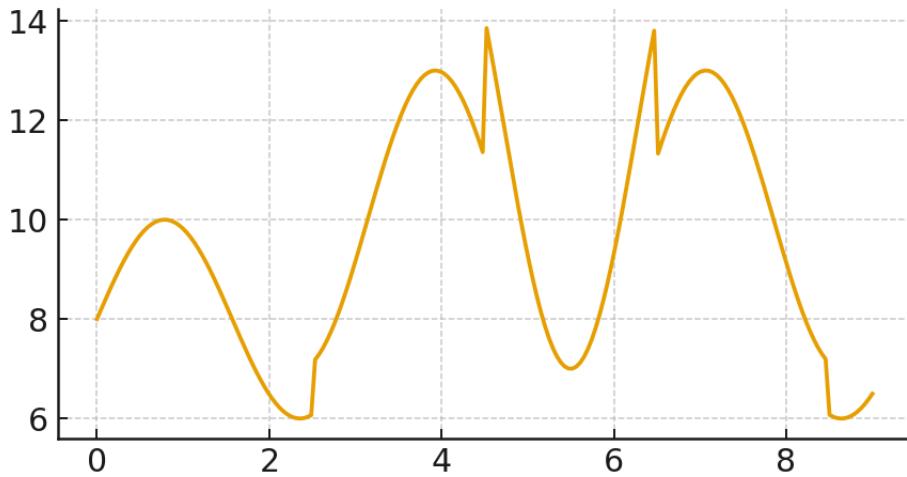
Reversal Patterns

Double Bottom Pattern



Double Bottom: Signals trend reversal from downtrend to uptrend.

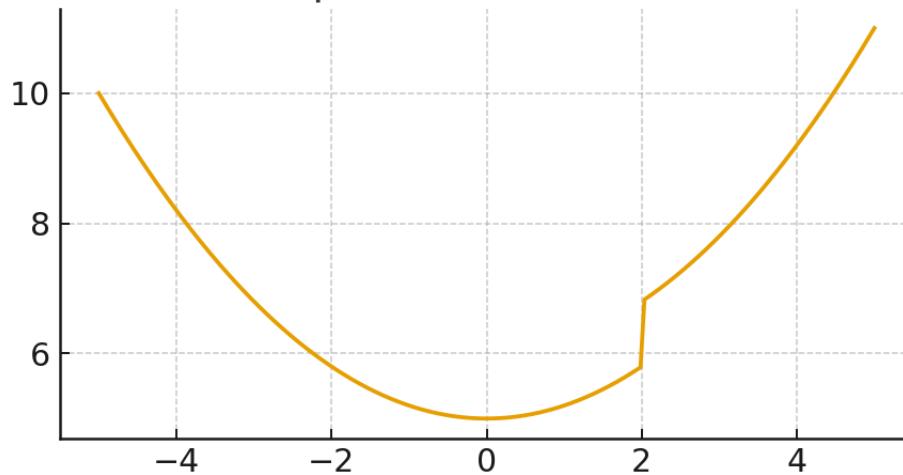
Head & Shoulders Pattern



Head & Shoulders: Signals reversal from uptrend to downtrend.

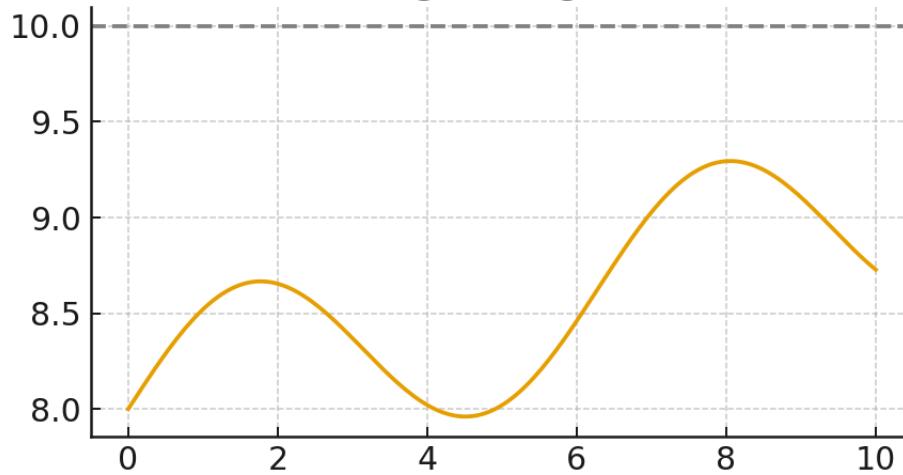
Continuation Patterns

Cup & Handle Pattern



Cup & Handle: Bullish continuation after a consolidation phase.

Ascending Triangle Pattern



Ascending Triangle: Higher lows + flat resistance → breakout likely.

DIY Action Kit

- Confirm patterns with volume breakout.
- Use weekly charts for reliability.
- Avoid forcing patterns where none exist.
- Place stops below neckline/support.

Common Mistakes

- Overfitting — seeing patterns in random noise.

- Ignoring context — pattern inside weak trend is unreliable.
- Entering before breakout confirmation.