

August 1, 2021

Are all weekly charts created equal?

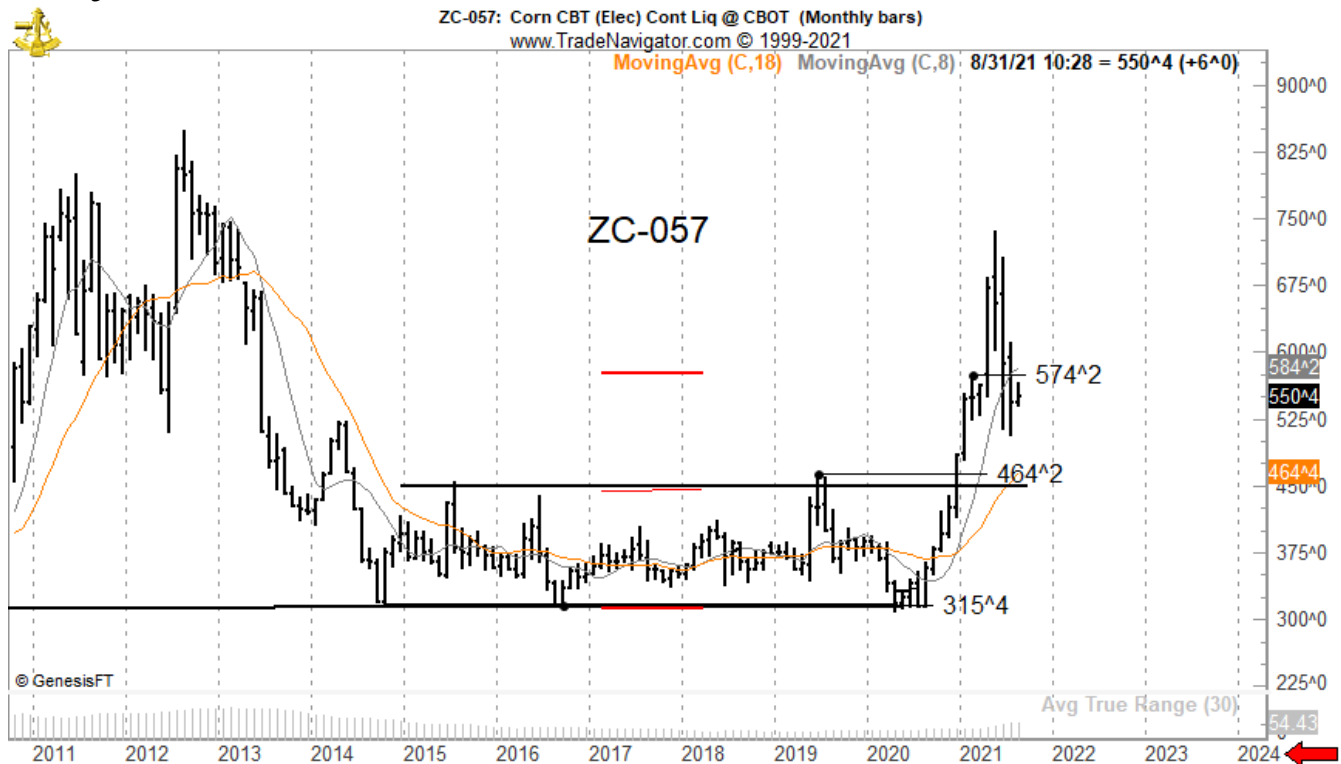
As a general rule weekly chart patterns are more reliable than are daily chart patterns. Weekly chart patterns are of several varieties. The main varieties are Mega Patterns, Minor Patterns and Hybrid Patterns.

Mega Weekly Patterns

The first variety is what I call the “mega” patterns. The characteristics of the mega weekly patterns are:

- Typically, six months to several years in duration
- Visible on weekly and monthly charts
- Comprised of multiple “minor” weekly patterns (see next section) or significant daily patterns
- Tie together into a much larger pattern several patterns which were independently tradeable
- Breakouts can be sloppy and retests can be extensive
- Trends usually far exceed the measured targets
- These patterns can be huge winners but often develop complicated mid-course corrections
- Examples follow

Rectangular base in Corn



Symmetrical triangle in Bitcoin

PeterLBrandt published on TradingView.com, August 03, 2021 17:30:19 UTC
 COINBASE:BTCUSD, 1W 38257.39 ▼ -892.20 (-2.28%) O:39859.18 H:40459.68 L:37700.00 C:38250.95

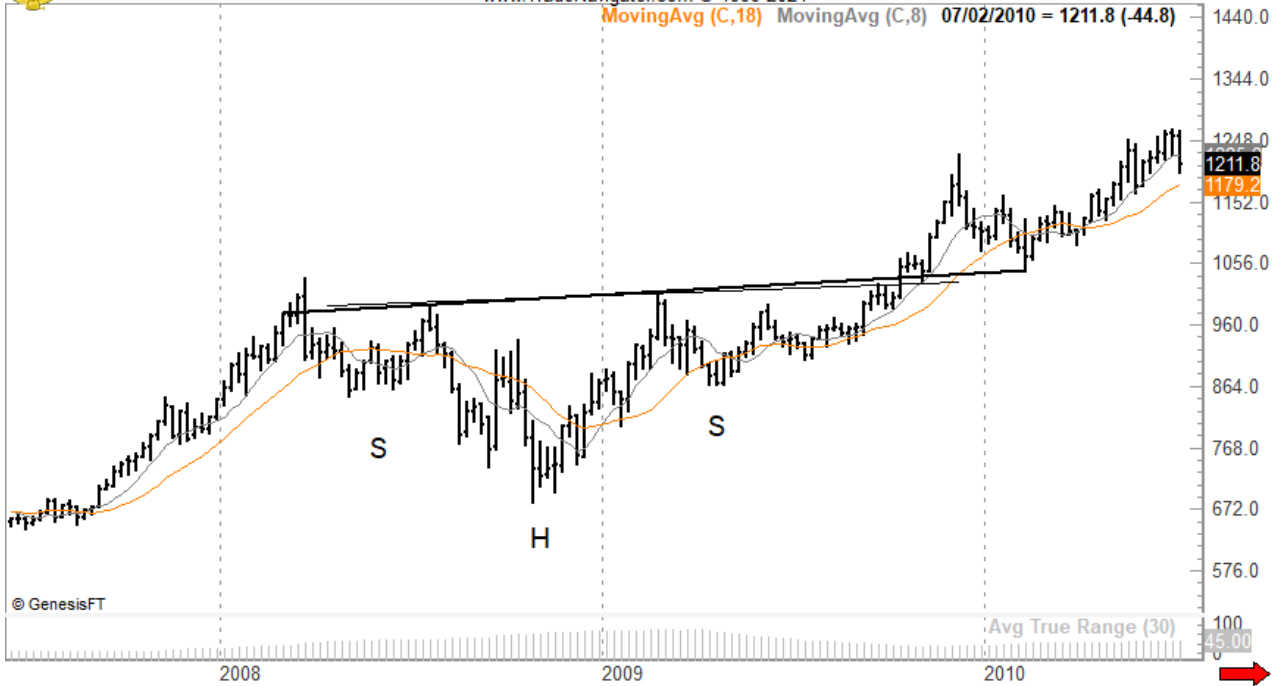


TradingView

Continuation inverted H&S in Gold



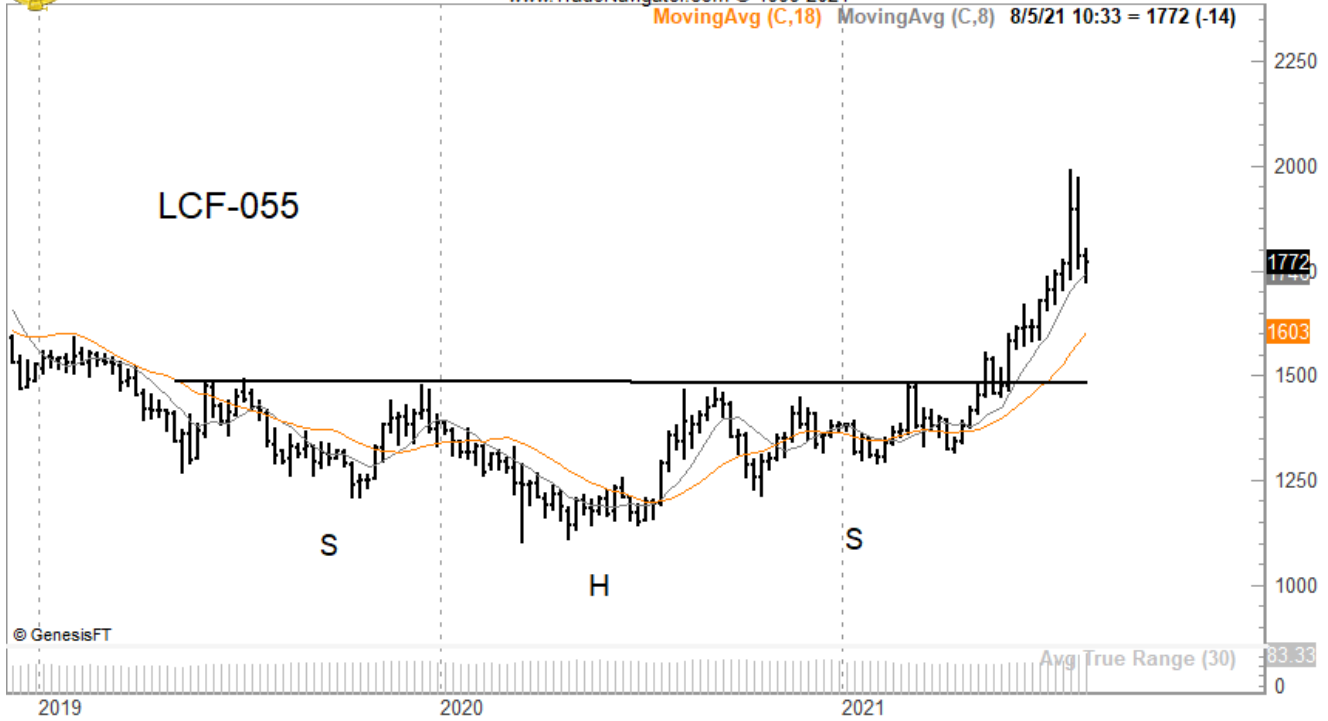
GC3-055: Comex Gold (Elec) Cont 1st @ NYMEX (Weekly bars)
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H&S bottom in London Coffee



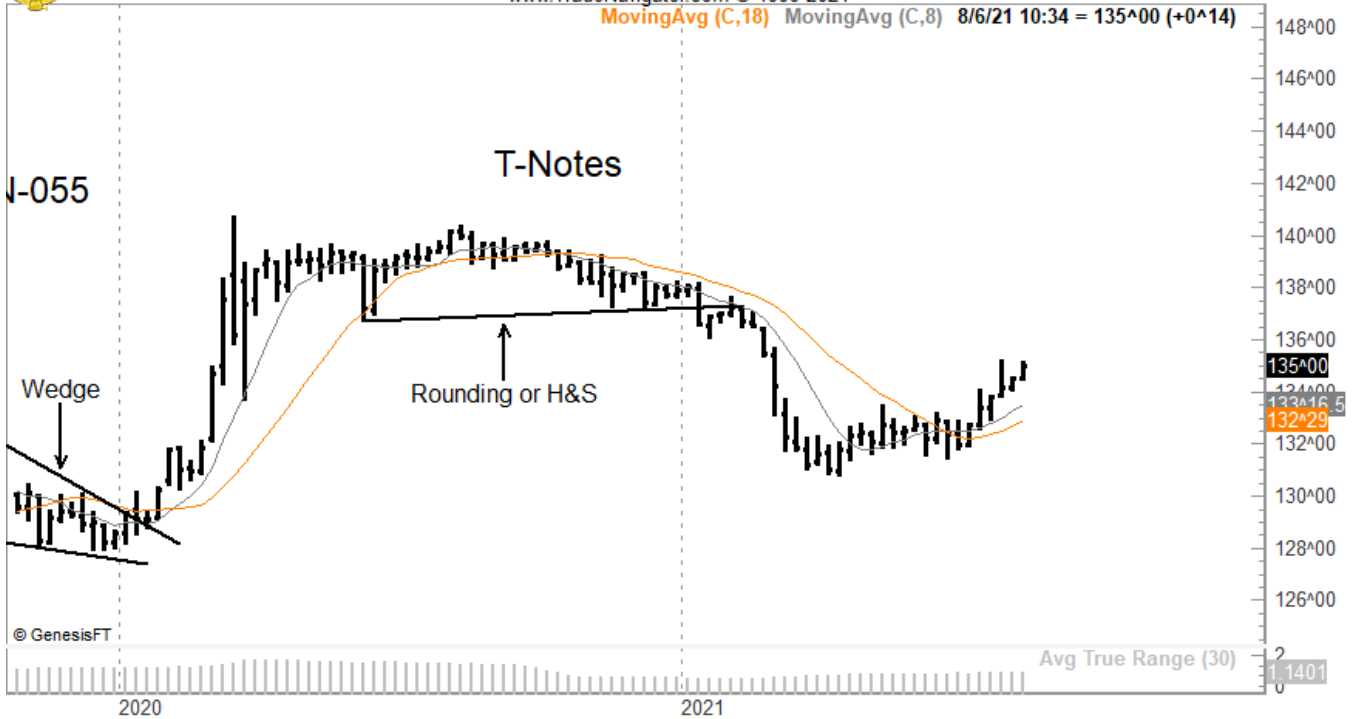
LCF-057: Robusta Coffee LCE Cont Liq. @ LIFFE (Weekly bars)
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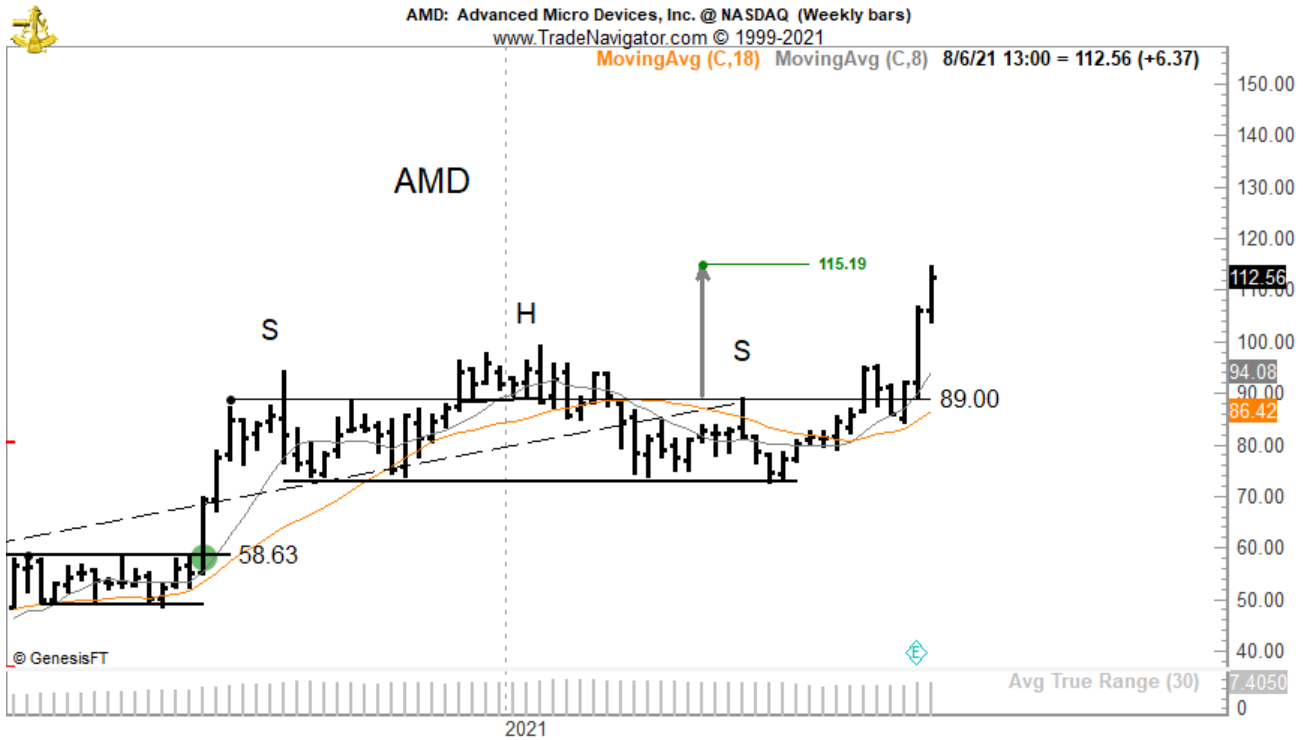
Rounding top in T-Notes



ZN-055: T-Notes 10Yr CBT Elec Cont 1st @ CBOT (Weekly bars)
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H&S failure in AMD

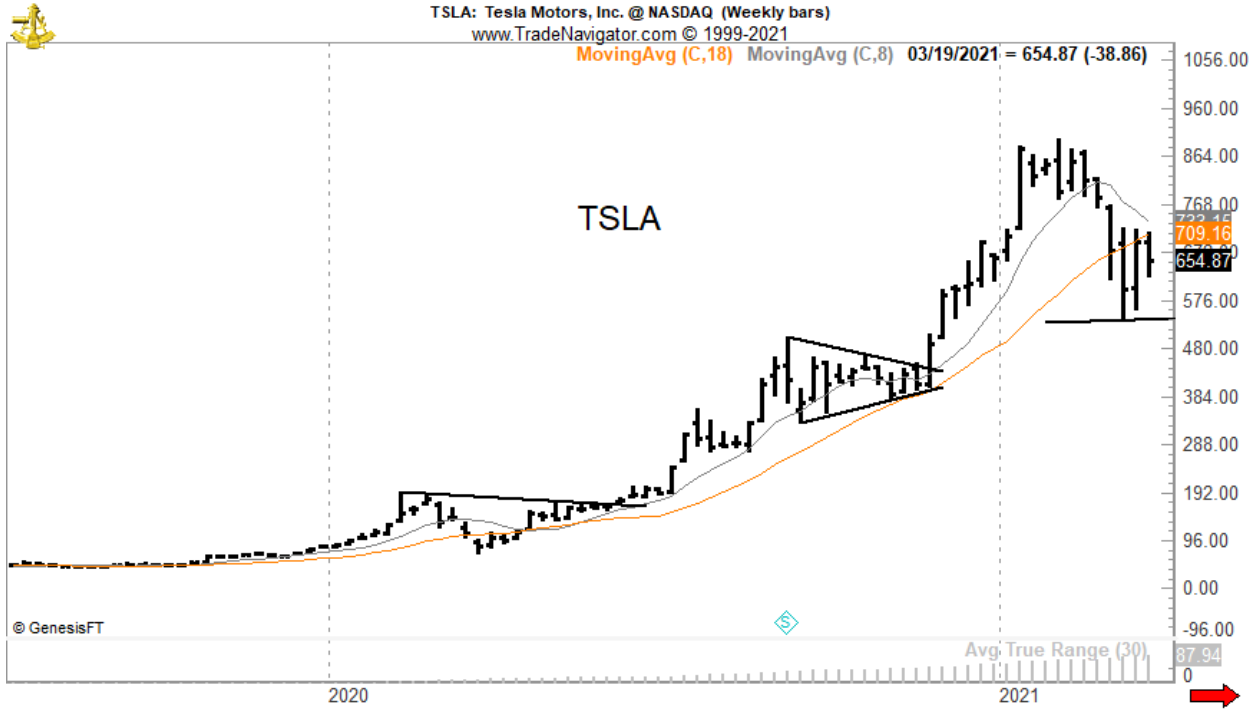


Minor Weekly Patterns

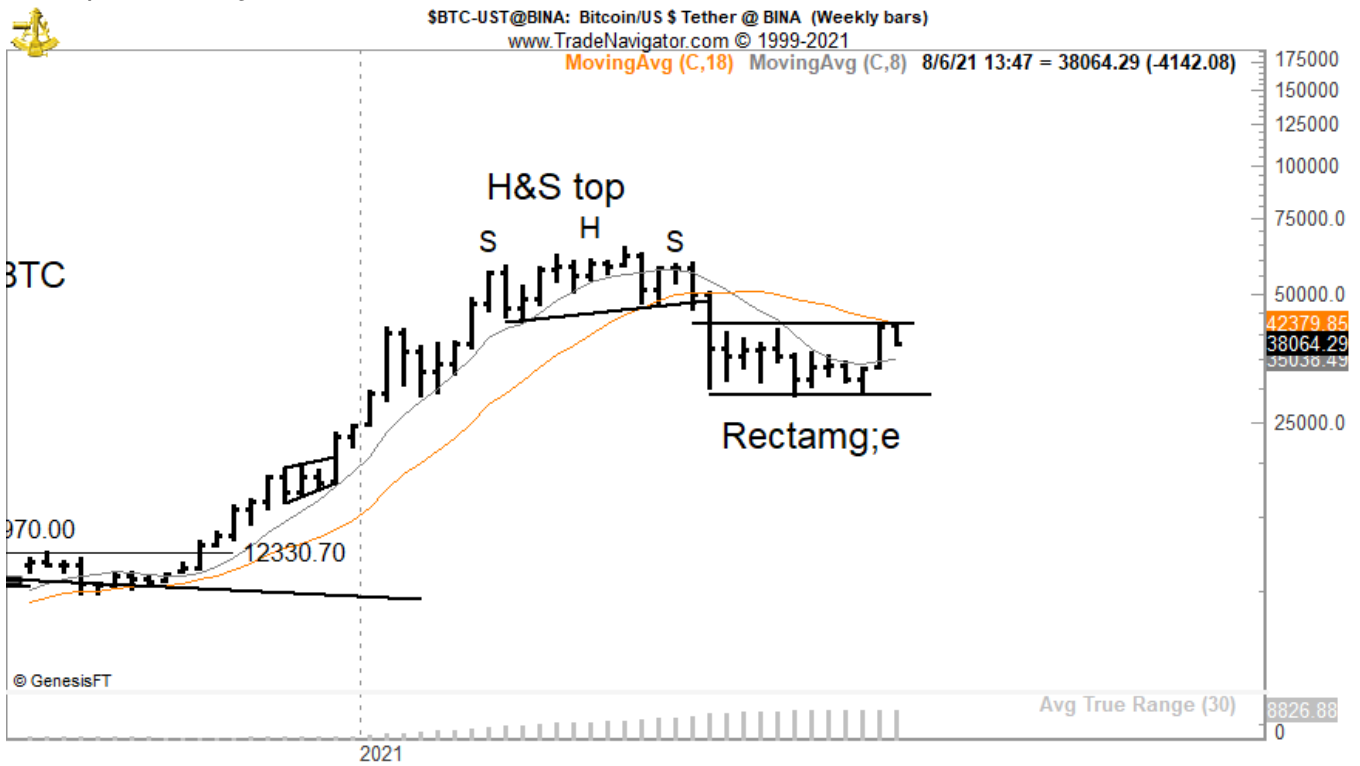
In contrast to the Mega Patterns, which tend to be “long and lazy” – the Minor Weekly Patterns are tight and well-defined. As a general rule, the duration of Minor Weekly Patterns is between 8 and 26 weeks. Daily patterns fewer than 8 weeks are seldom visible as weekly chart patterns and weekly patterns longer than 26 weeks most often become multi-faceted. Other characteristics of Minor Weekly Patterns are:

- Highly tradeable for swing traders
- Definitive breakouts with little or no retesting
- Appear to be significant patterns on daily charts
- Of practical significance, it is fair to say that daily patterns that are not clear as weekly patterns are subject to morphing
- It is important to note that a weekly pattern appearing to be well-defined and decisive might be quite awkward (long and lazy) as a daily chart pattern
- Examples follow

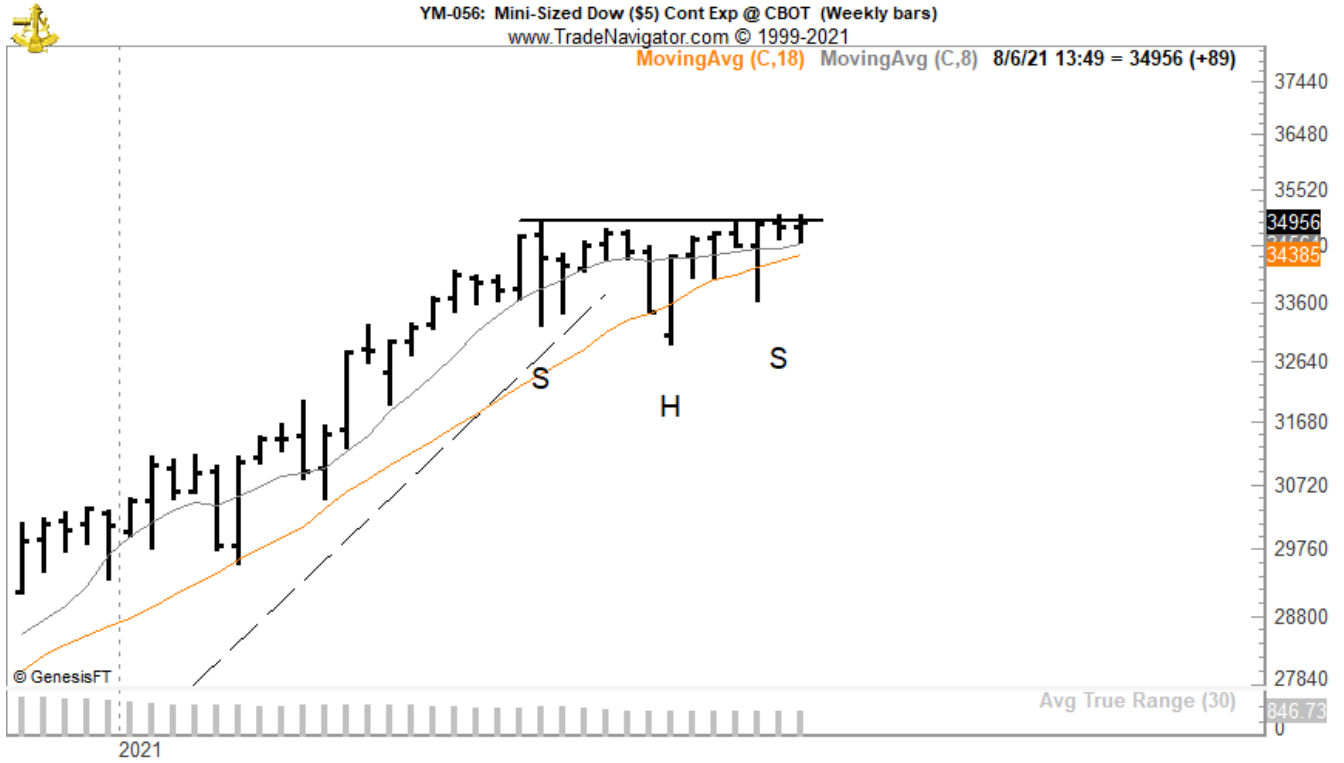
Continuation H&S and symmetrical triangle in TSLA



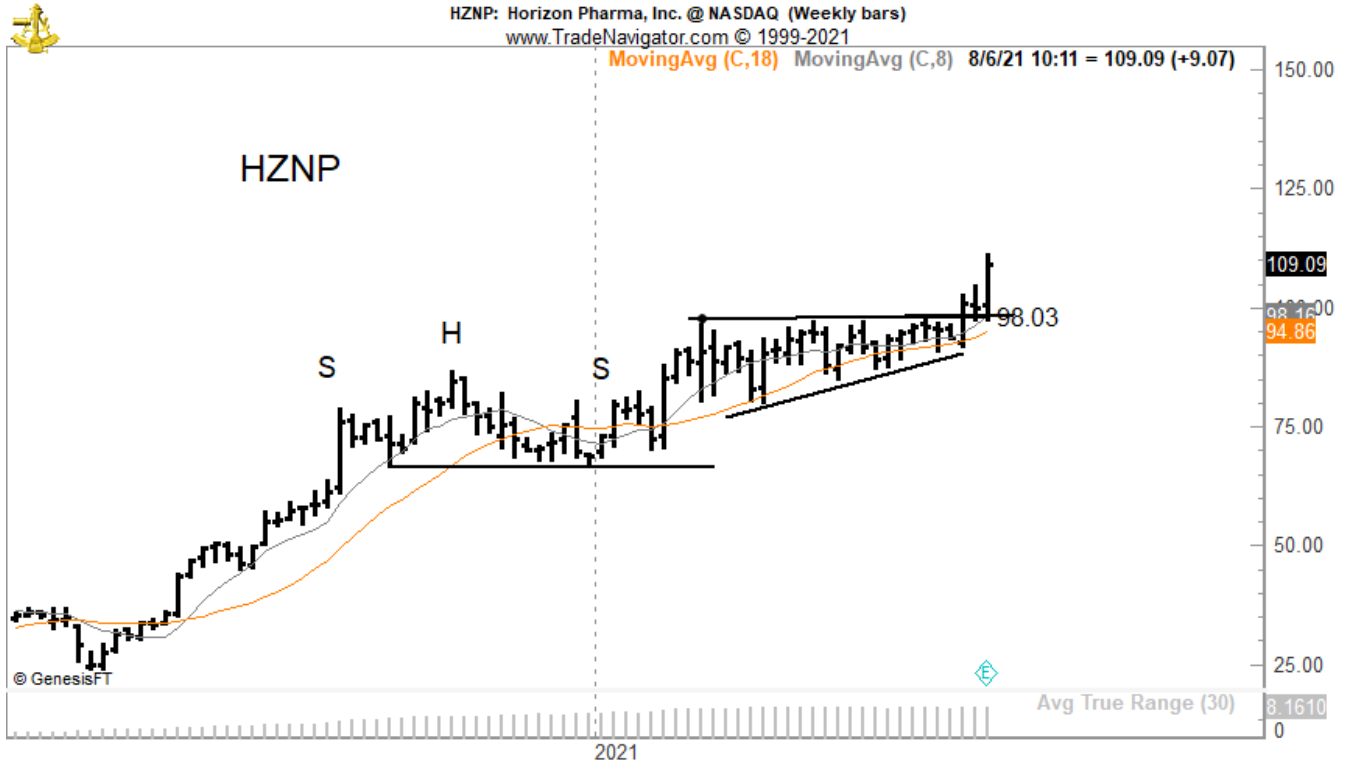
H&S top and rectangle in Bitcoin



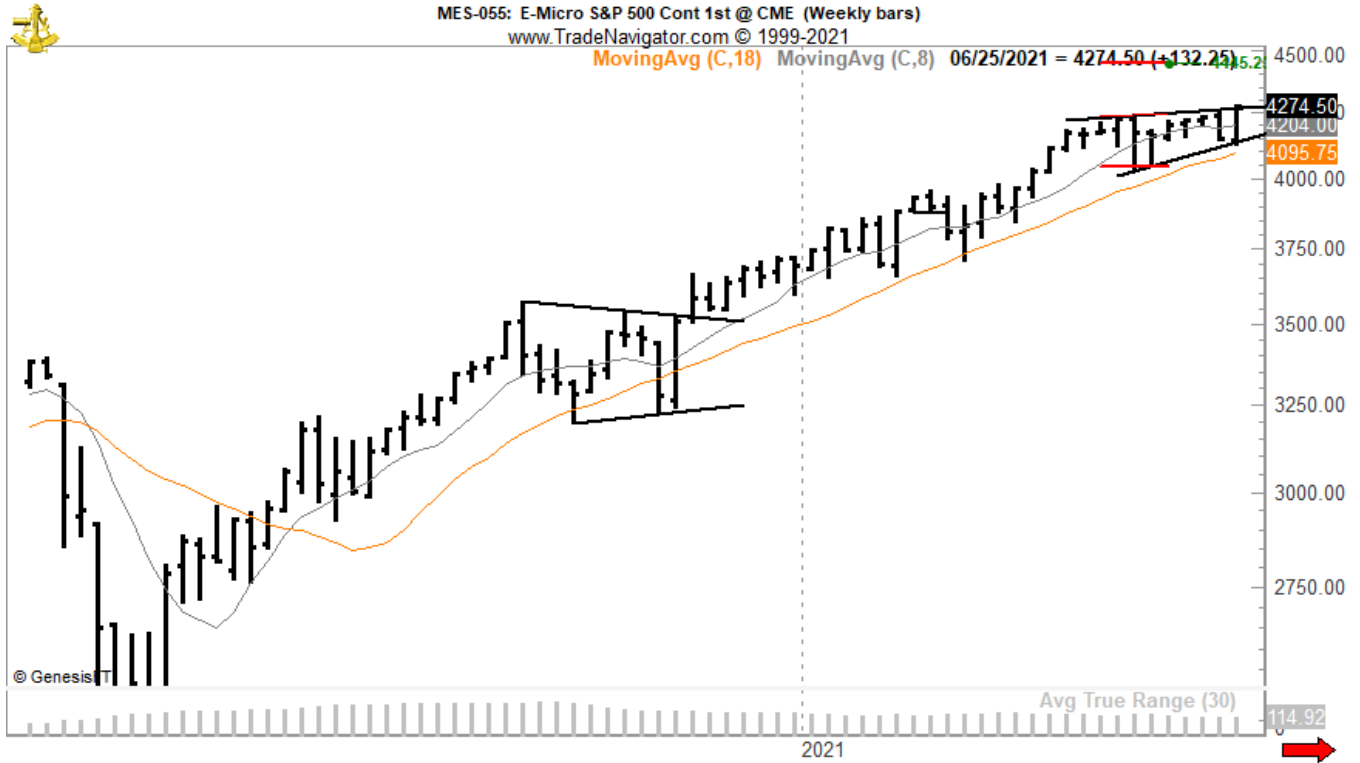
Possible continuation inverted H&S in Dow futures



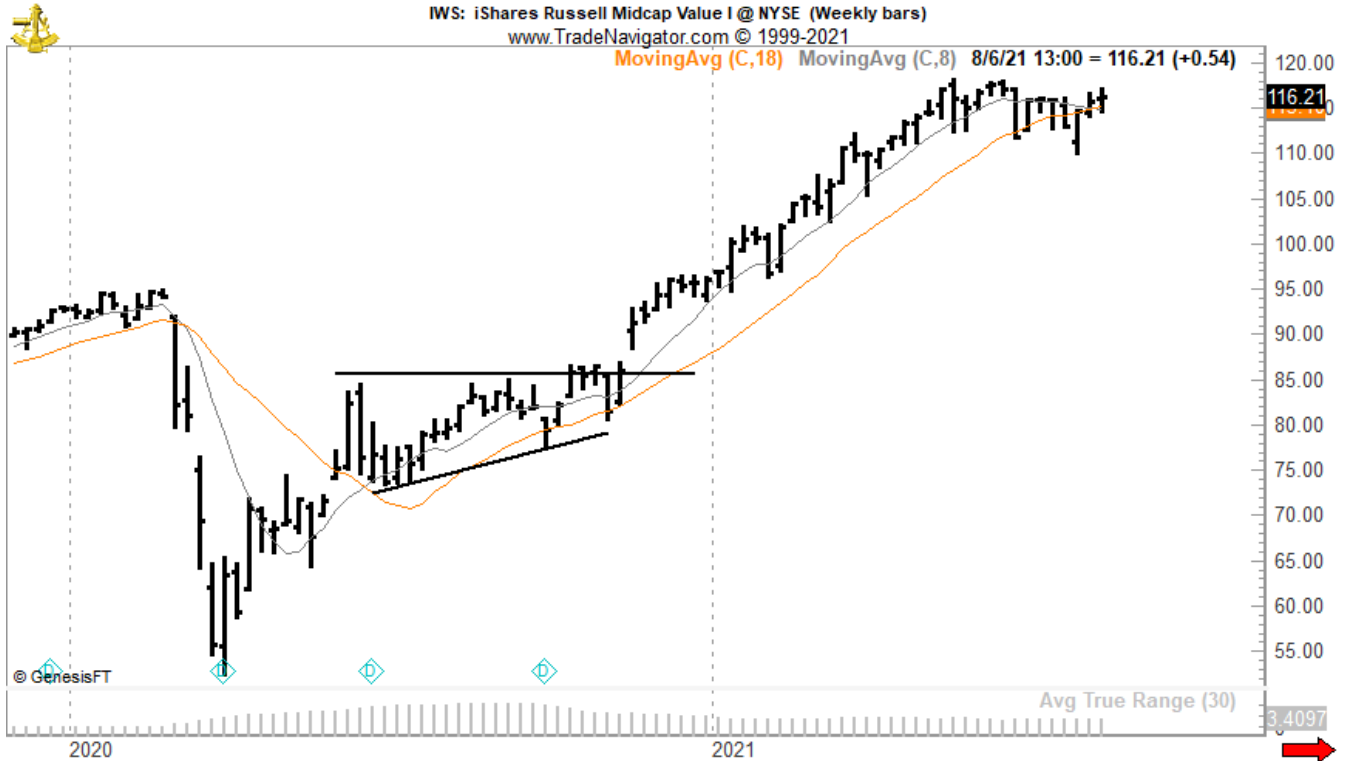
H&S failure and an ascending triangle in HZNP



Symmetrical triangle in S&Ps



Ascending triangle in IWS

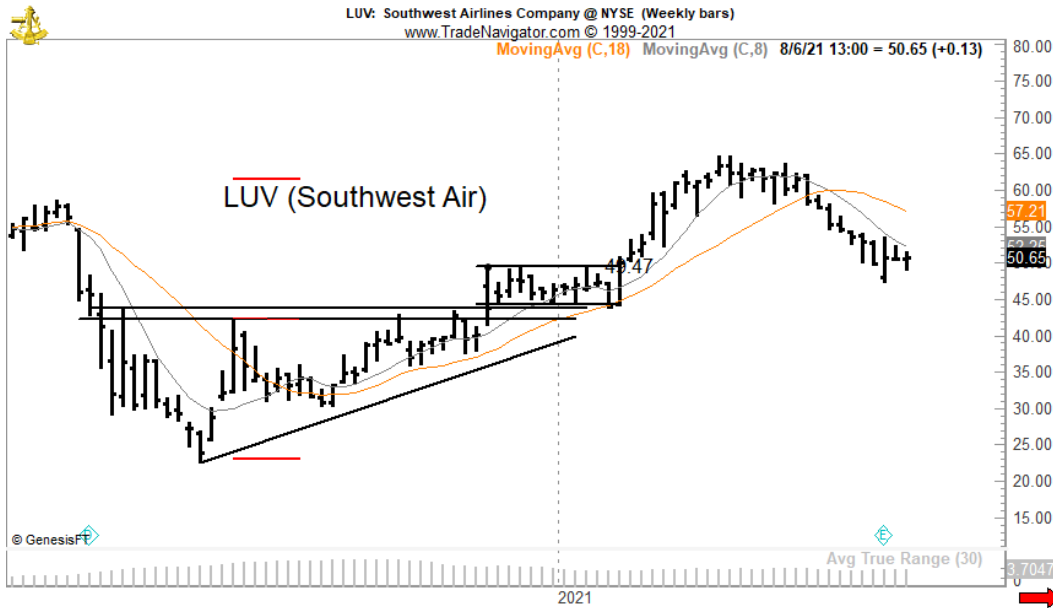


Hybrid Weekly Patterns

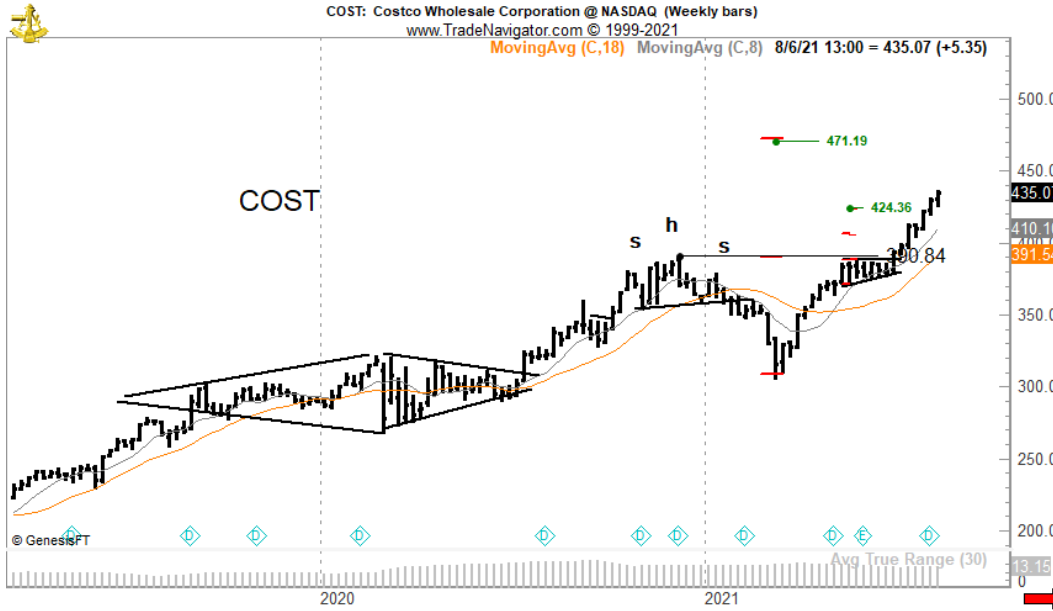
Hybrid Weekly Patterns could also be referred to as a Combination or Complex Weekly Patterns. These massive patterns (usually longer than six months in duration) may feature some of the following characteristics.

- Synergy of the Mega and Minor Weekly Patterns
- A retest taking the form of a Minor Weekly Pattern
- A significant new price high, perhaps even a new ATH

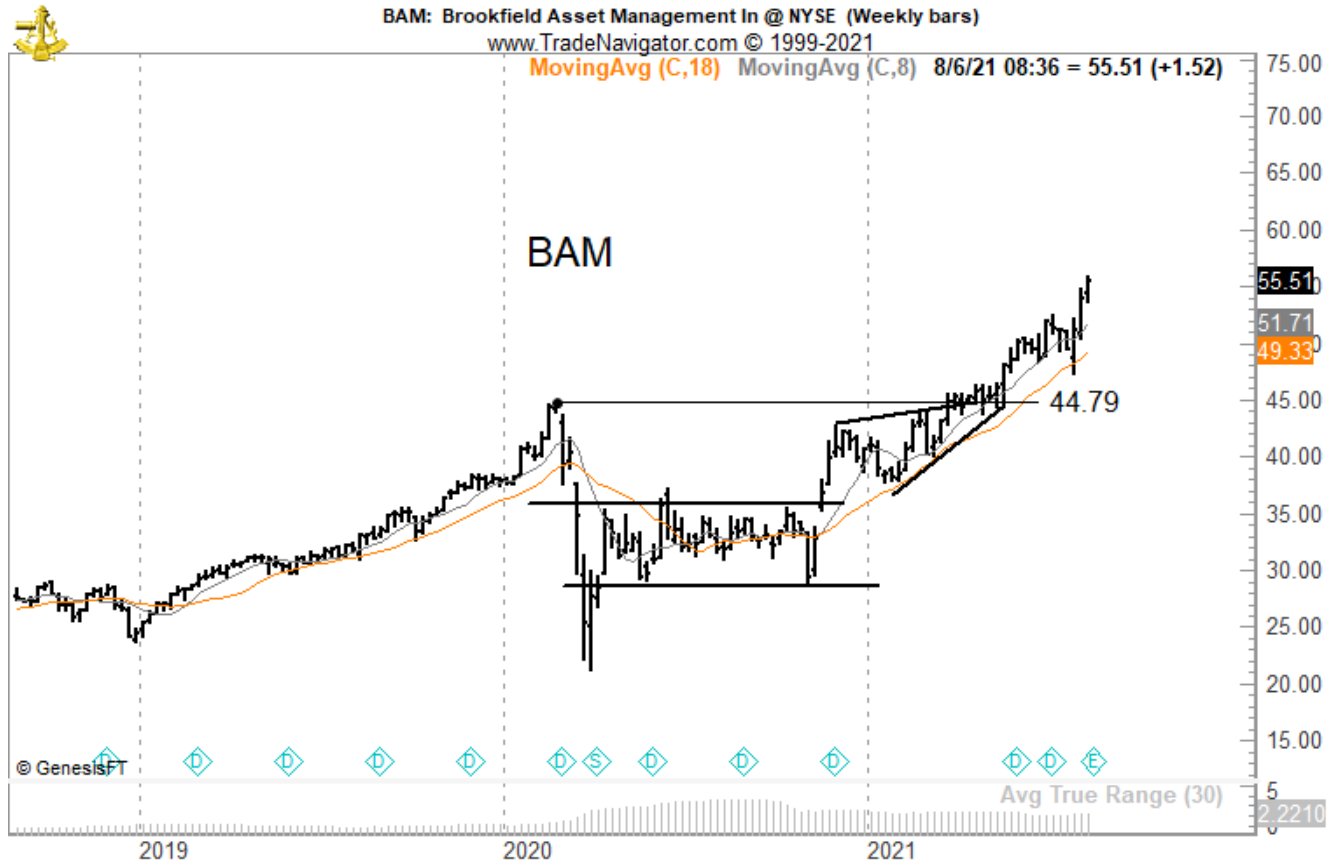
LUV formed a complex H&S bottom as a Mega Weekly Pattern then developed a rectangle as a Minor Weekly Pattern



Costco displayed a continuation diamond as a Mega Weekly Pattern and a H&S top (completed in Jan 2021) and ascending triangle (completed in late Jun 2021) as Minor Weekly Patterns. Note that the completion of the ascending triangle posted a new ATH.



The completion of a 6-month running wedge by BAM in March skirted the upper boundary at the level of the previous ATH. After chopping in an indecisive manner for eight weeks, the advance in mid-May resolved the chart.



So, what weekly chart patterns are best – the Mega Weekly Patterns, the Minor Weekly Patterns, the Hybrid Weekly Patterns or some other variety? There are pros and cons with all varieties. The Mega Weekly Pattern can provide marvelous sustained trends, but trades can be tactically challenging, must be given wide berth and require great patience to fully exploit. Further, there are very few Mega Weekly Patterns during the course of any given year. Positions established from Mega Patterns can require months to play out.

Minor Weekly Patterns can offer precision for entering trades and are excellent for swing trades lasting between a week to a couple of months. The profit potential of Minor Patterns is far less than from Mega Patterns, and most given markets provide at least one such pattern each year.

A most promising chart construction is when a Minor Weekly Pattern forms in the late stages of a Mega Weekly Pattern in such a way that the completion of the Minor Pattern launches the Major Pattern. A different version is when a Minor Pattern serves as the retest of a completed Major Pattern.

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