Double Top

Double Top is very the most common chart pattern in Forex market. It is used as a reversal pattern. This pattern is very profitable and its success rate is high. This pattern is named for its formation with two double top on the upward market. It is a bearish reversal signal. It occurs in the upward market. There are two parts in this chart pattern, these are 2 tops and Neckline.

How it forms

>> First it creates higher high in the upward market and it can act as resistance level.

>> Then it falls from higher high for few pips.

>> Again price moves to the same high as like first top.

>> It can't break that level and falls again to the support at neckline

>> A neckline should be drawn from the low of the top.

Neckline acts as a support line. So it requires to wait for breakout of the neckline. After successfully breakout this pattern gives bearish signal. From the retest of the neckline, sell entry can be taken.

Stop loss will be some pips above higher high. Target should be at least 1:1 risk ratio. Target can be set equal to the distance from neckline to the higher high.

Triple Top

Triple top is same as double top but difference is only that in this pattern it creates 3 tops. Everything is same as double top and need to follow same rules for taking entry.
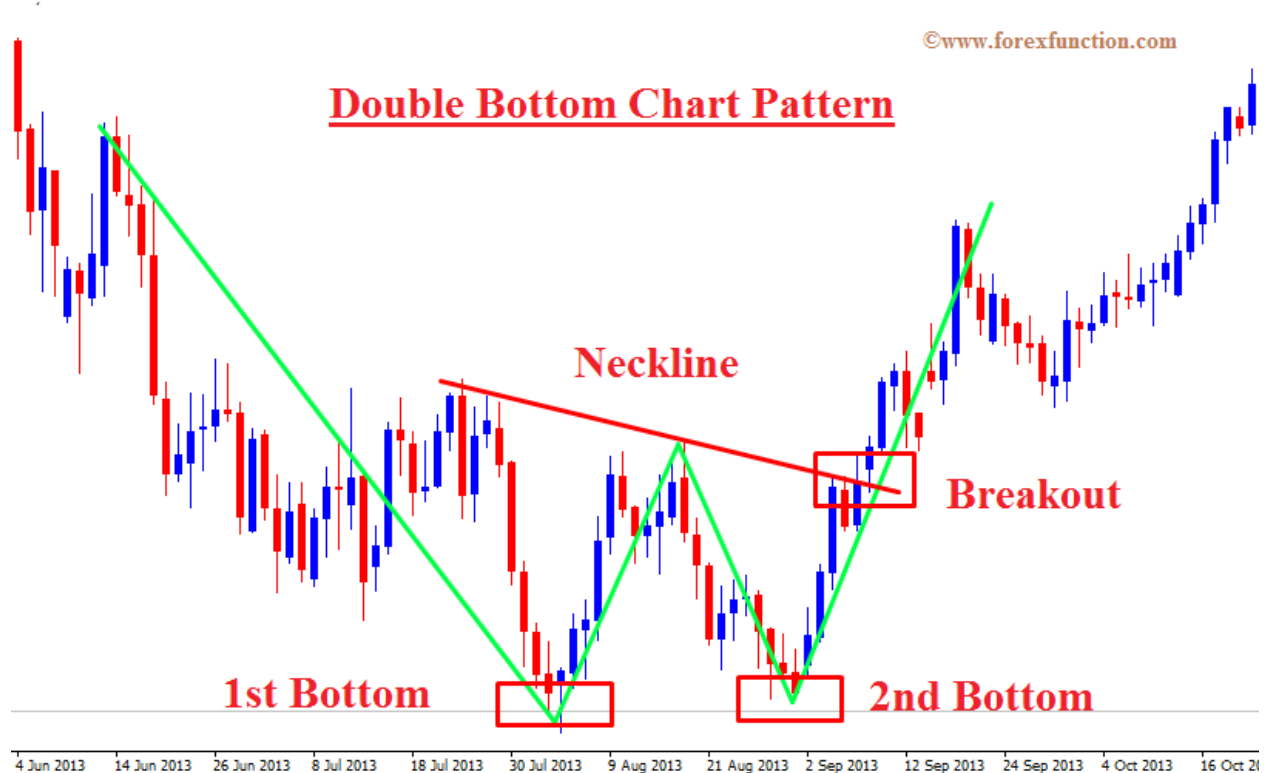
Double Bottom

Double Bottom chart pattern gives a bullish reversal signal which occurs in the downward market. It has similar formation but inverse formula like double top. There are also two parts in this pattern, these are 2 bottoms and Neckline.

How it forms

>> At first it creates lower low in the downward market and it can act as support level.

>> Then it returns from lower low for few pips.

>> Again price falls to previous low as like first bottom.

>> It can't break that support level and again starts to raise to the resistance at neckline

>> A neckline should be drawn from the high of the bottom.

Double Bottom Chart Pattern

Neckline acts as a resistance line in double bottoms. So it requires to wait for breakout of the neckline. After successfully breakout this pattern gives bullish signal. From the retest of the neckline, buy entry can be taken.

Stop loss will be some pips below the lower low. Target should be at least 1:1 risk ratio. Target can be set equal to the distance from neckline to lower low

Triple Bottom

Triple Bottom is same as double bottom but difference is only that in this pattern it creates 3 bottoms. Everything is same as double bottom and need to follow same rules for taking entry.
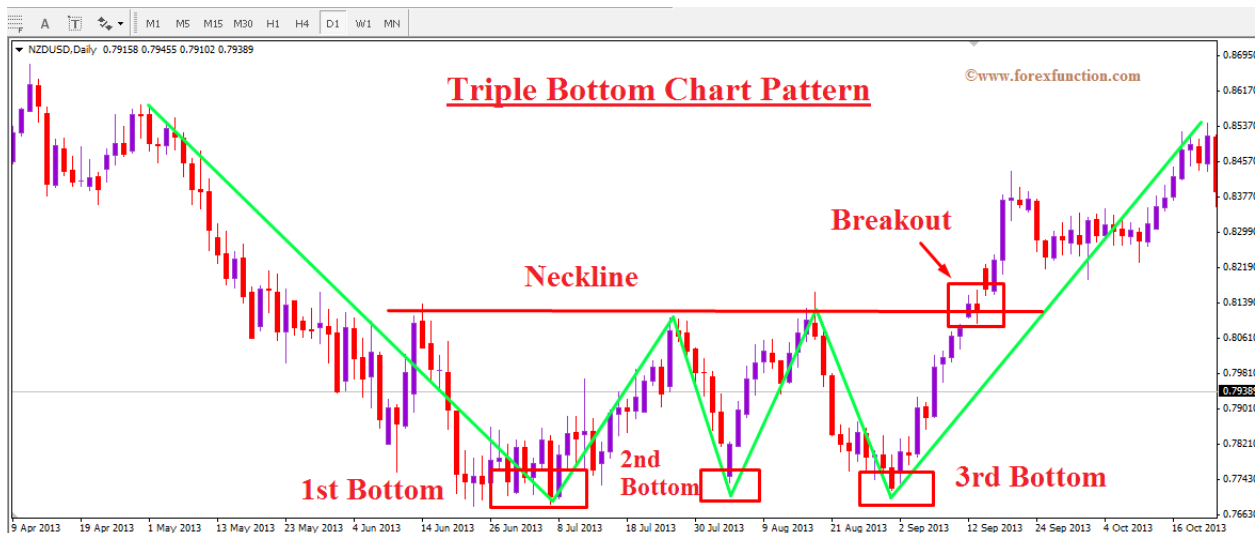
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