

CTE RESEARCH SERIES

Chart Patterns

The Complete Reference Sheet

Eight classical formations, scored against nine years of live breakout data. Entry rules, invalidation, measured objectives and the honest limits of every number here.

2,082

completions tracked

59.6%

reached objective

8

classical patterns

9 yrs

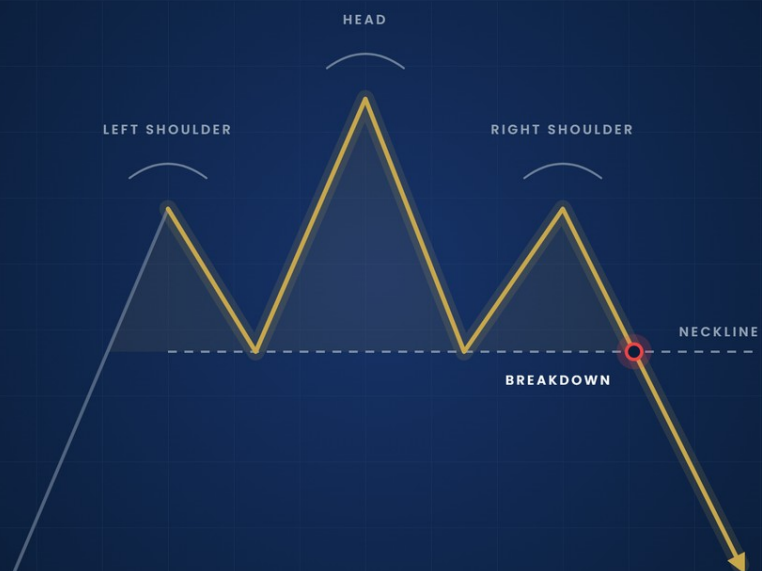
of live signals

CHART PATTERNS

Head & Shoulders Top

Three peaks, the middle highest. A close below the neckline confirms the reversal.

• BEARISH • REVERSAL



MIND • METHOD • MONEY

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MIND • METHOD • MONEY

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THE EVIDENCE

What nine years of live breakouts show

Most pattern statistics come from retrospective database scans, which are vulnerable to definitional drift – change the tolerance on what counts as a flat resistance line and the success rate moves several points. The table below is different. Every pattern was published as a live breakout setup before the outcome was known, then scored. Success means price reached the pattern's measured price objective.

Pattern	Occurrences	Reached objective	Success rate
Rectangle	921	575	62.4%
Head & shoulders continuation	184	112	60.9%
Ascending triangle	329	193	58.7%
Symmetrical triangle	173	99	57.2%
Cup & handle	232	132	56.9%
Head & shoulders bottom	141	80	56.7%
Descending triangle	49	25	51.0%
Head & shoulders top	53	25	47.2%
Total	2,082	1,241	59.6%

Source: Aksel Kibar, CMT (TechCharts). Breakout signals featured in Global Equity Markets reports, May 2017 – September 2026. Patterns of two to twenty-four months in duration. The published table also splits each pattern into four categories describing the path the breakout took; those definitions are his and are not reproduced here.

Four things the table tells you

The rectangle wins. The least glamorous formation on the list posted the highest success rate, on by far the largest sample. Flat boundaries mean no ambiguity about where the level sits, which means precise invalidation and precise position sizing.

The head and shoulders top loses. The most famous reversal pattern in technical analysis reached its objective less than half the time. It is a counter-trend trade with the most predictable stop placement on any chart.

The spread is narrow. Fifteen points separates best from worst across eight structurally different formations. Pattern selection is therefore a small lever. Trend alignment, entry quality, stop placement and size are large ones.

Sample sizes are uneven. 921 observations for the rectangle; 49 and 53 for the two weakest. A rate quoted to one decimal place off 49 events carries a wide confidence interval. Treat the bottom of the table as “not obviously superior”, not as settled fact.

2026 year to date: 63.8% across 130 completions – above the nine-year average, but on a sample small enough that a handful of outcomes would move it several points. Short windows tell you about the regime, not about the pattern.

THE MODEL

Three stages, three families

THE CORE PRINCIPLE

The shape creates the hypothesis. The breakout tests it. The follow-through pays for it.

Stage	What is happening	What you may do
1 – Formation	Structure is developing. Lines still being adjusted. Confirmation bias does its most expensive work here.	Nothing. Mark the boundary, define invalidation, pre-calculate size.
2 – Confirmation	Price breaks the level that completes the pattern. This is the event.	Enter, on a closing break or on the retest. Never on a wick.
3 – Follow-through	Price travels far enough to pay for the trade. This is the stage the 59.6% measures.	Manage. Partial at half the measured move is a legitimate choice.

The three families

Family	Forms	Proposes	Difficulty
Reversal	After an established trend	The trend is ending	Hardest – you are against the flow
Continuation	Inside a trend	The trend is pausing	Easiest – you are with the flow
Bilateral	During compression	A move is coming, direction unknown	Only if you can trade both ways

The same geometry can belong to different families depending on context. A head and shoulders top mid-way through a strong uptrend is not the same object as one after a two-year advance at all-time highs. The higher timeframe assigns the pattern its family – which is why the 60.9% continuation and the 47.2% top share a shape and nothing else.

Regime overrides everything

If the higher timeframe is...	Take	Treat with suspicion
Trending	Continuation patterns	Reversal patterns
Ranging	Reversals at the range extremes	Breakouts of any kind
Unclear	Nothing	Everything

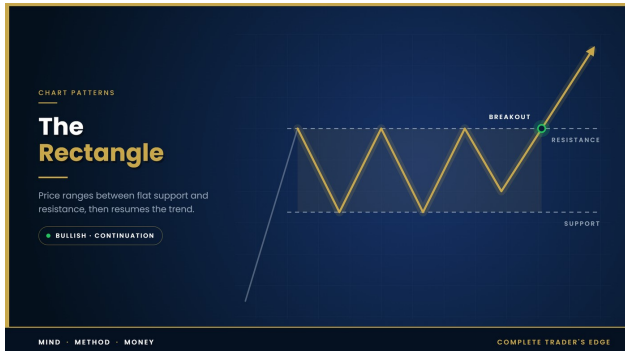
THE EIGHT PATTERNS

Ordered by measured success rate

Best first. The ordering is deliberately uncomfortable: it puts the boring formations at the top and the famous ones at the bottom.

1. Rectangle

62.4% 921 occurrences



FAMILY	Continuation or reversal – context decides
BIAS	Neutral until it breaks
ENTRY	Close beyond the boundary. Retest entry preferred – rectangles return to the broken boundary at a high rate.
STOP	Back inside the range, not at the boundary.
OBJECTIVE	Height of the range projected from the break.

What it represents. A market in balance, and the clearest picture of accumulation or distribution available from price alone. A participant too large for the available liquidity works the order over time, absorbing near the floor or feeding into demand near the ceiling. **Worth knowing.** If price leaves one boundary and turns before reaching the other, that partial move often precedes a break in the direction of the turn.

2. Head & Shoulders Continuation

60.9% 184 occurrences



FAMILY	Continuation
BIAS	With the prevailing trend
ENTRY	Confirm the dominant trend one timeframe up first. Enter when the neckline holds and price breaks back out with the trend.
STOP	Beyond the extreme of the middle swing.
OBJECTIVE	Head-to-neckline distance projected in the trend direction.

What it represents. A deep, messy pullback inside a larger move. Three swings of a correction with the middle one most extreme. When the trend resumes, the shape is left behind looking like a failed reversal. **Worth knowing.** Same geometry as the top, thirteen points better. The difference is trend alignment, not shape. This is the single most instructive comparison in the dataset.

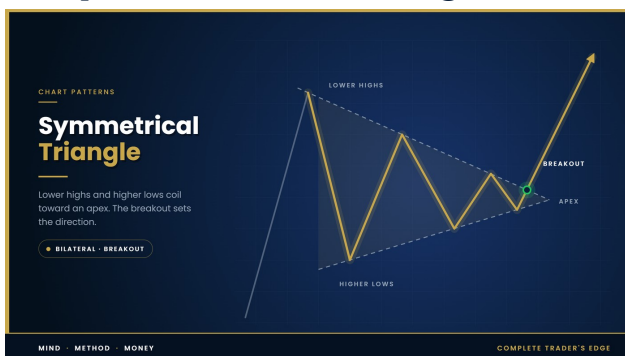
3. Ascending Triangle

58.7% 329 occurrences


FAMILY	Continuation
BIAS	Bullish
ENTRY	Close above the flat ceiling. Strongest versions break in the middle two-thirds of the formation, not at the apex.
STOP	Below the most recent higher low on the rising floor.
OBJECTIVE	Height of the triangle at its widest, projected from the break.

What it represents. Supply sitting at a fixed price meeting demand that is becoming progressively more urgent. Compression continues until the supply at the ceiling is exhausted. **Worth knowing.** A flat line touched three or four times is a shelf of stop orders plus buy-stop entries in a narrow band. That is why these breaks accelerate.

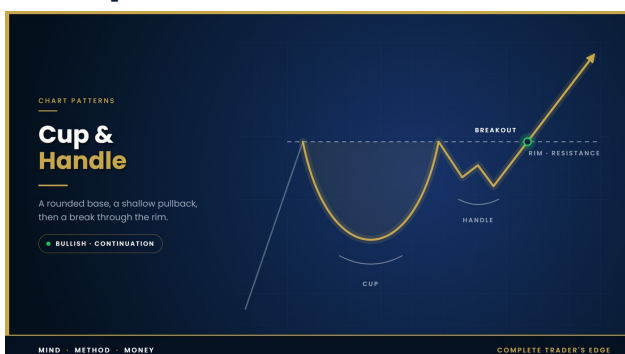
4. Symmetrical Triangle

57.2% 173 occurrences


FAMILY	Bilateral
BIAS	None – do not assume
ENTRY	Bracket it, or take the close beyond one side and trade the retest.
STOP	Opposite side of the apex zone.
OBJECTIVE	Widest part of the triangle projected from the break.

What it represents. Genuine two-sided uncertainty, usually ahead of a catalyst. Volatility compresses while the market waits for information neither side has. **Worth knowing.** If you cannot trade it in both directions with equal willingness, do not trade it. What it reliably tells you is that expansion is coming.

5. Cup & Handle

56.9% 232 occurrences


FAMILY	Continuation
BIAS	Bullish
ENTRY	Break of the handle's resistance line.
STOP	Below the handle low.
OBJECTIVE	Cup depth projected from the breakout.

What it represents. The cup is an orderly transfer of ownership – decline without panic, gradual bottom, recovery. The handle is the final shakeout that removes the impatient before the advance. **Worth knowing.** A sharp V-bottom means capitulation, not transfer – the base has not done its work. Handle volume should dry up noticeably.

6. Head & Shoulders Bottom

56.7% 141 occurrences


FAMILY	Reversal
BIAS	Bullish
ENTRY	Close above the neckline. Watch for the retest – common, and a better entry than chasing.
STOP	Below the right shoulder low.
OBJECTIVE	Head-to-neckline distance projected upward.

What it represents. Sequential exhaustion of supply. Each successive low takes less selling to produce, which is the definition of a market running out of sellers. **Worth knowing.** Outperforms the top by nearly ten points. Accumulation is slow and visible; distribution can happen fast and invisibly. Bottoms leave clearer footprints.

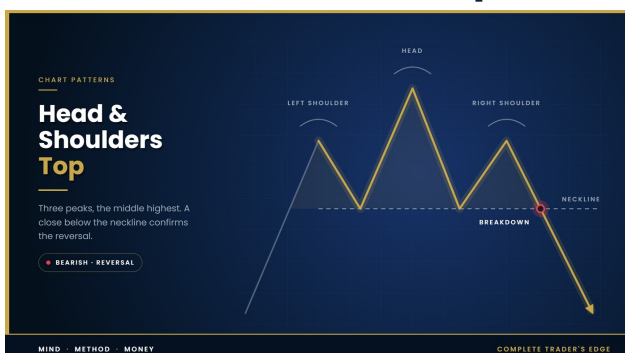
7. Descending Triangle

51.0% 49 occurrences


FAMILY	Disputed
BIAS	Weaker than textbooks claim
ENTRY	Only with an independent reason – trend, supply zone, relative weakness. The shape alone is not a thesis.
STOP	Above the descending resistance line.
OBJECTIVE	Height of the triangle projected from the break.

What it represents. Textbooks read the flat floor as sellers overwhelming buyers. The identical geometry equally describes a buyer absorbing supply at a fixed price while the market grinds lower around them. **Worth knowing.** 51.0% on 49 occurrences is statistically indistinguishable from a coin flip. Broader research repeatedly finds these break upward more often than the classical reading predicts.

8. Head & Shoulders Top

47.2% 53 occurrences


FAMILY	Reversal
BIAS	Bearish, but weakest of the eight
ENTRY	Demand more than usual: a close below the neckline, declining volume through the right shoulder, higher-timeframe confirmation.
STOP	Above the right shoulder high.
OBJECTIVE	Head-to-neckline distance projected downward.

What it represents. Three peaks, middle highest. The most famous pattern in technical analysis and the worst performer in the dataset. **Worth knowing.** Counter-trend, most predictable stop cluster on any chart, and a neckline is a drawn line rather than a flat level. Expect the right shoulder to overshoot the left before rolling over – that is where the liquidity sits.

EXECUTION

Confirmation, volume and the measured move

The pattern does not give you a trade. The break of the pattern gives you a trade, and how you define “break” determines most of your results.

Filter	The standard	Why it matters
Closing break	A close beyond the level on the timeframe you are trading. A wick is not a break.	Boundaries are where liquidity concentrates, which makes a temporary probe beyond them most likely there. Entering on the touch takes the worst version of the trade.
Volume	Contraction through the formation, material expansion on the break.	Thin-volume breaks are not funded by new participation and return into the range at a much higher rate. On spot FX, tick volume proxies activity, not size.
Retest	Throwbacks and pullbacks are normal and frequent.	Either enter on the break with room to survive a retest (smaller size), or enter on the retest with a tight stop (larger size). Never break entry plus tight stop behind the boundary.
Confluence	Does the measured objective coincide with anything independent?	A prior swing, a higher-timeframe supply zone, a session level. A target that agrees with unrelated structure is worth far more than the projection alone.

What “reached the objective” does and does not mean

The measured move is the height of the formation projected from the breakout point. The 59.6% is the rate at which price got there. A pattern can confirm, travel usefully, and still be scored a failure for stopping short of the full projection – so if you take partials at half the move, your realised hit rate on that basis is higher than the headline number. The reverse also holds: the objective is a statistical tendency, not a price the market has agreed to.

Timeframe

The dataset covered formations lasting two to twenty-four months – daily and weekly structures. Higher timeframes are more reliable for a structural reason, not a mystical one: they contain more participants, more capital and more accumulated resting orders, so their levels are defended by real interest rather than noise. A daily rectangle represents months of genuine two-sided business. A five-minute rectangle represents forty minutes of algorithmic quoting.

SECOND ORDER

Busted patterns and the liquidity reading

A pattern is busted when it confirms, fails to travel, reverses, and breaks out through the opposite boundary. It is not random. It is a consequence of the pattern being visible.

Step	What happens
1	A textbook head and shoulders top forms on a widely watched instrument.
2	The neckline breaks. Every discretionary trader and every pattern-detection algorithm goes short.
3	Their stops go in the one obvious place: above the right shoulder. That is now a dense cluster of buy orders in a known location.
4	Price is driven back above the right shoulder. Shorts are stopped out. The forced buying accelerates the move.
5	A reversal pattern becomes the launchpad for a continuation.

A well-formed pattern that fails decisively frequently produces a stronger move than the same pattern working. The trapped positions are the fuel. If you trade patterns at all, plan the failure branch before you enter – it is often more tradeable than the one you wanted.

Classical structure in liquidity terms

Classical	The same thing, read as liquidity
Rectangle	Accumulation or distribution range. Equal highs and equal lows; liquidity pools on both boundaries.
Ascending triangle ceiling	Equal highs. A shelf of buy-side liquidity in a narrow band.
Double top	Two equal highs. The second test is frequently a sweep of the first, not a breakout attempt.
Neckline break	Break of structure. The point at which the swing sequence formally changes.
Flag or handle	Retracement into an order block or imbalance left by the impulse.
Busted pattern	Liquidity sweep using a widely recognised formation as the bait.

What the liquidity vocabulary adds is a mechanism. Classical charting says a head and shoulders top tends to precede a decline. The liquidity reading explains why the right shoulder so often overshoots the left first: the stops of everyone who shorted the left shoulder sit just above it, and those orders have to be filled by someone. A slight overshoot that immediately reverses is not the pattern breaking – it is the pattern working, with the liquidity collected first.

THE WORKING PAGE

Pre-trade checklist

If a setup fails more than one of these, pass on it.

1	Regime established Trend or range, on the timeframe above your entry chart. This decides continuation vs reversal and overrides the pattern.
2	Structure is clean At least two touches on each boundary. If you are adjusting lines to make the shape work, the shape is not there.
3	Break defined in advance Which timeframe, closing basis, and the price that invalidates the idea. Written down, not decided in the moment.
4	Volume checked Contraction through the formation, expansion on the break. Where volume is unreliable, demand more from the other filters.
5	Retest preferred Better entry, tighter invalidation, filters the breaks that were never real. Accept that you will miss some moves.
6	Size from invalidation Stop distance determines position size. A wide pattern means a small position. This is the step that gets skipped.
7	Both branches planned The measured objective, whether it agrees with anything independent, and what you do if the breakout reverses.

The honest limits of every number in this sheet

READ THIS BEFORE YOU USE THE TABLE

Six in ten is an edge. It is not a system, and a trader can lose money steadily with a 60% hit rate.

It says nothing about size of loss. A strategy that wins 60% of the time and loses more per loss than it makes per win is a losing strategy. The data measures whether patterns reached their objective, not what a trader netted after slippage, spread and commission.

It says nothing about your ability to spot them live. The dataset was compiled by a chartered market technician publishing formations in advance under his own name. Hindsight makes every pattern obvious and every boundary clean.

The sample is equities, long-duration, and a bull market. Your instrument, timeframe and regime are all different. Pattern reliability tends to be inversely related to market efficiency – the deeper and more arbitrated the market, the faster a visible anomaly is competed away.

A warning about quoted statistics

Claims that a pattern “wins 89% of the time” usually trace to Thomas Bulkowski’s Encyclopedia of Chart Patterns – a serious book, quoted without its conditions. Bulkowski’s failure rate typically measures whether price moved at least 5% or 10% after the breakout, not whether it reached the measured objective. A pattern can clear a 5% hurdle and miss its target by a mile. That is the whole reason his

headline numbers run so much higher than the 59.6% in this sheet. The two are measuring different things. Use published statistics as a rough ordering; use your own backtest on your own instrument to size a position.

Sources

Breakout outcome data: Aksel Kibar, CMT (TechCharts), Global Equity Markets reports, May 2017 – September 2026, 2,082 completions.

Academic: Lo, Mamaysky and Wang, "Foundations of Technical Analysis", Journal of Finance, 2000. US equities 1962–1996, kernel-regression pattern definitions.

Reference: Bulkowski, Encyclopedia of Chart Patterns. Edwards and Magee, Technical Analysis of Stock Trends.

THE FULL ARTICLE

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