

As you can see sometimes the 1-2-3 pattern happens very quickly or it can take time to develop.

Here is an important point for you to remember:

Generally, the more bars that are involved in the 1-2-3 buy or sell pattern **THE BIGGER** the move. In the above three examples I would expect bigger moves from the last two examples as opposed to the first one. Simply because there are **more bars involved in the 1-2-3 patterns**. Like I say, it is a general rule. Not hard and fast. Something for you to chew over.

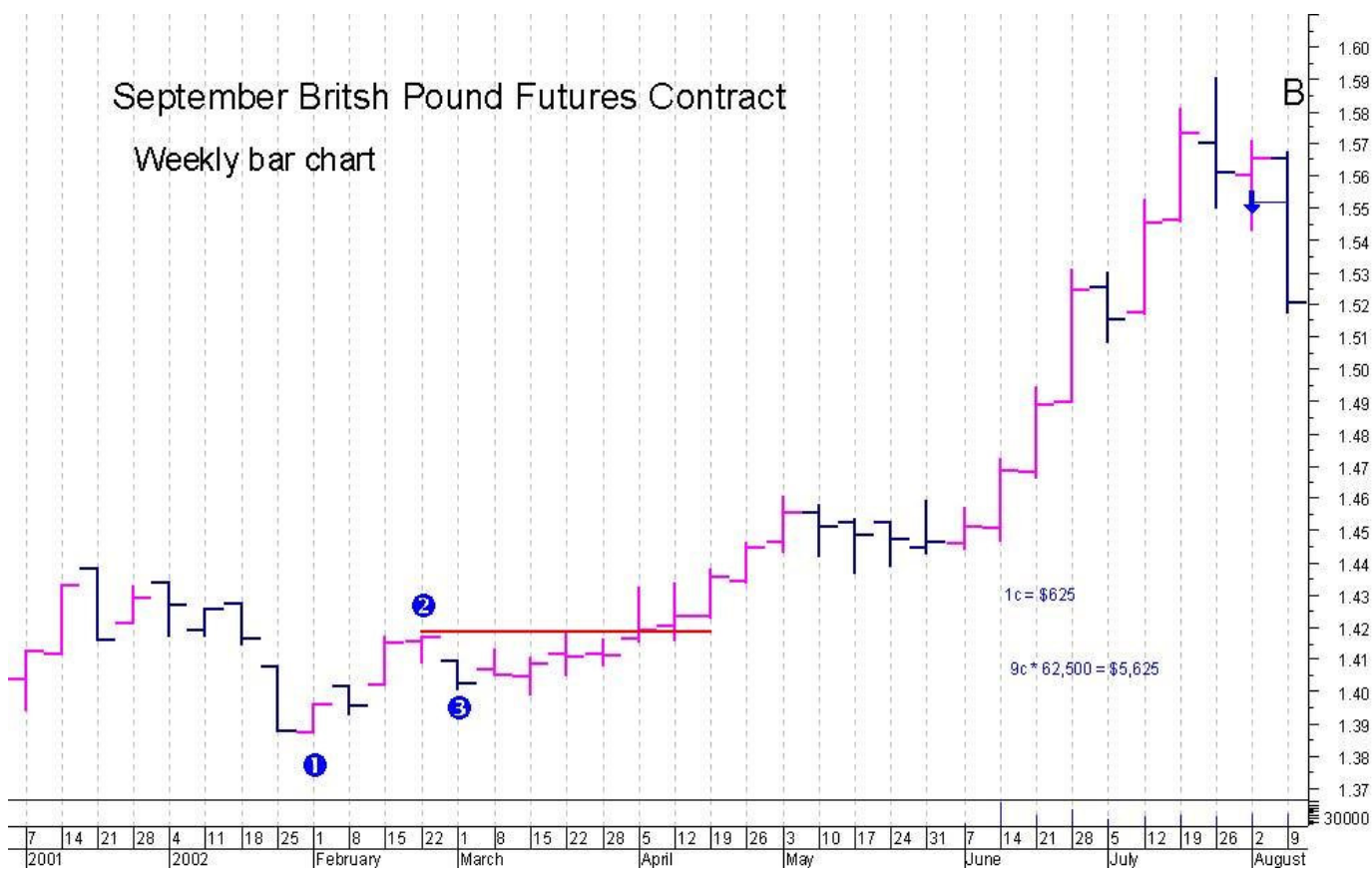
Now, 1-2-3 patterns happen in ALL time frames. I mean from 5 minute tick charts right the way through to yearly charts. As I have never and never will day trade I am not going to show any examples of this. But let's look at weekly and monthly charts, just to prove to you that the 1-2-3 pattern is valid in these time frames.

Weekly Patterns:



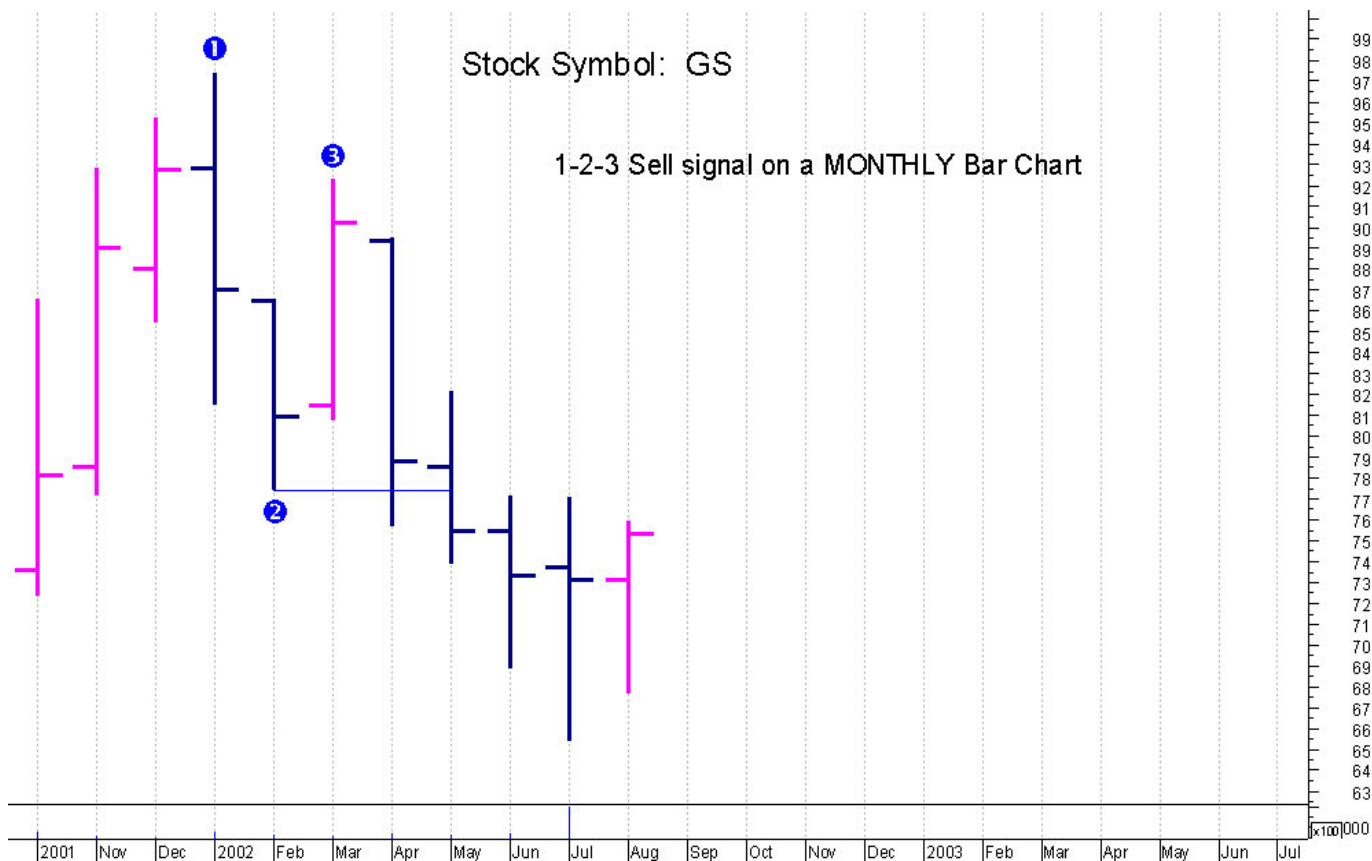
Fantastic! Look at the powerful 1-2-3 bottoming pattern that gave a valid buy signal at \$9.80. This share was at \$14.50 at the time of writing. A whopping 48% gain 10 weeks. Who knows where it will end up. Consider this. How long did it take me to spot, manage and profit from this trade? Considering this is a WEEKLY bar chart. A few minutes on a weekend. If this doesn't prove what a fantastic signal the 1-2-3 is..... you are a tough one to please.

OK let's look at one more



British Pound futures contract, viewed on a weekly bar chart. Again, a very powerful up trend after the valid 1-2-3 buy pattern.

Lastly, let me prove that this 1-2-3 pattern is just as valid on a monthly chart as it is on any other time frame.



So, you remember what I said above? About how generally the more bars that are involved in the 1-2-3 pattern the more powerful and long lasting the move is. Where do you now think the biggest move is:

A daily chart where the 1-2-3 develops over five bars? Or
A monthly chart where the 1-2-3 pattern develops over ten bars?

Of course you said b. Bear this in mind. Generally 1-2-3 patterns on monthly charts indicate a much bigger trend development than a 1-2-3 on a weekly chart. A 1-2-3 on a weekly chart indicates bigger trend than one developed on a daily chart and so on...

Here is a very general rule of thumb table for you to consider. Consider that if you spot a 1-2-3 bottom on the NASDAQ monthly it could signal a new bull market that could last 6 months to two years plus.

1-2-3 Length of chart

Generally the move could last

daily chart

2 – 8 weeks

weekly chart

4- 16 weeks

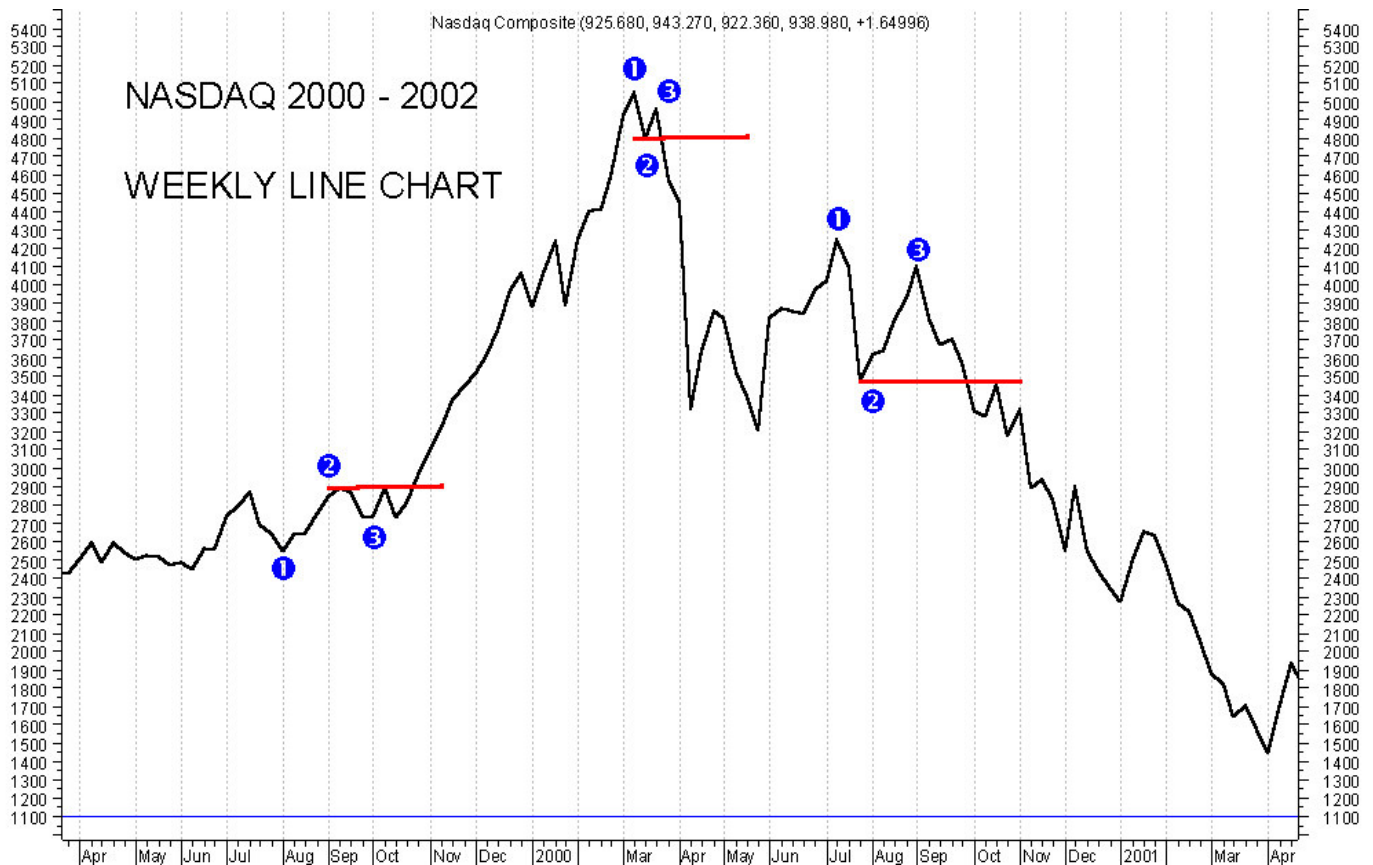
monthly chart

2 to 12 months

Types of Charts 1-2-3 Patterns Develop On?

I'll be very abrupt with this. 1-2-3 patterns appear on all of the charts. Bars, lines, Renko, P+F, candlestick. It makes absolutely no difference. The exact same pattern plays out the same.

Here is an example of a line chart showing a 1-2-3 pattern:



My only tip when using the 1-2-3 pattern with a line chart is to use weekly/monthly only. Daily gives too many false signals.

Here is anew one for you. The NASDAQ market viewed on a Renko chart. Spot the successful 1-2-3's.



Using the 1-2-3 pattern on the indices on a weekly/monthly basis is one of my favorite techniques as to spotting overall market trend changes. When I see a 1-2-3 bottom on a weekly/monthly chart I get very excited. If you spot one I urge you to make the VERY best investment you are likely to make and buy my M.S.T.S (Momentum Stock Trading System) <http://www.stressfreetrading.com> this is the way to make BIG money in these market conditions.

Long Short Stocks and Futures.

There is no point in me displaying more charted examples. I have shown you how the 1-2-3 works on:

- ALL time frames
- Both buying and selling
- Stocks
- Futures
- Line/bar/Renko charts

Believe me, if you can chart it, the 1-2-3 pattern will appear. Now, lets' look at a slight trick for entry once you have your 1-2-3 pattern.