

## Chart Patterns VI: Saucers

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The Saucer Bottom is a very slow developing pattern that does not have a clear entry point in most cases. It becomes the foundation for a long term uptrend,

but it often gives no direct signal to buy.

The saucer represents a gradual loss of momentum in a downtrend, followed by consolidation in a sideways market, and an eventual return of the trend higher. A saucer may only be visible on a weekly chart, because the time it takes to develop is so long.

Because the saucer offers little in the way of a precise signal to enter a trade, and because it operates over such a long period of time, it is necessary to rely on other technical analysis to determine an entry point following a saucer formation. The saucer simply provides a foundation for a further move upwards, letting the trader know that the long-term bias will likely be to the upside.

One exception to this is the cup and handle pattern, which is demonstrated fairly closely above in the large saucer followed by a smaller saucer at the same horizontal level. In this case, once the smaller handle breaks above the high point at the end of the first saucer, a buy signal is generated. This pattern does not use any new principles, rather it is based on the relative high as a resistance

level and the price breaking through resistance signaling a buy.