



Ascending Triangle Breakout

GBP/JPY - 2nd April 2009



A 220 pip ascending triangle developed after at the recommended 142.75 buy level. However, there are two risks to this pattern. First is the sheer size of the target which would normally imply a large stop loss. The second is the fact that break of the pattern didn't occur until very close to the apex and this is often a sign of instability. On the other hand, at the break point the triangle bottom was only 50 pips below the trigger so ignoring the fact that the apex was close we could afford to run this trade.

It's a bit difficult to see the beginning but after break above 142.75 we saw a long sideways channel consolidation. This could have been a type of flag though the consolidation is a bit long. Given that the ascending triangle had a high target we could have taken 50% profit for 50 pips and ran the rest with a trialing stop.