

A SIMPLE FRAMEWORK TO STOP GUESSING AND AVOID FOMO

# Seven Reversal Patterns

I Use to Buy and Sell Stocks  
Without Emotion

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## If you've ever:

- Bought too early
- Sold too late
- Chased a stock out of FOMO
- Second-guessed yourself right after clicking buy

**You're not broken.**

**You're just missing a framework.**

Most people don't lose money because they're dumb. They lose money because they don't know when to act — and when to stop.

I don't use patterns to predict the market. I use them to remove emotion and decide when a move no longer makes sense.

— *\$Maxwell*

## HOW TO ACTUALLY USE THIS GUIDE:

Stop scanning charts all day. That's how you get analysis paralysis.

### Follow this 3-step filter:

#### 1. BUILD THE FOUNDATION

- Create a watchlist of solid companies.
- Mark your Support and Resistance levels.
- Add Moving Averages to every chart.
- Want charts that look like mine? Download my guide.

#### 2. WAIT FOR THE LOGICAL AREA

- Let price come to you.
- Don't buy at resistance — buy at support.
- Don't buy when price is extended from the moving average.
- That's where you sell or wait.

#### 3. LOOK FOR THE CONFIRMATION

- Once price hits a logical area, look for these 7 patterns.
- Wait for the pattern to complete — don't guess.
- Stack patterns with moving averages for higher conviction.

***Golden Rule: A pattern near a key moving average always carries more weight.***

→ [Download \\$MAXWELL'S Guide to Moving Averages](#)

# THE 7 REVERSAL PATTERNS I DON'T IGNORE

These patterns fall into two simple categories:

## CONFIRM BUYING

1. Double Bottom
2. Double Top
3. Morning Star
4. Evening Star
5. Head & Shoulders
6. Pennants (Flags)
7. Hammer

## CONFIRM SELLING / AVOIDING BAD ENTRIES

*Not buy/sell signals by themselves. Location and context always matter.*

# 1. DOUBLE BOTTOM

A bullish reversal pattern that forms after a downtrend — showing that buyers are willing to defend the same price level more than once.



## How to identify it:

- Look for a "W" shape: two distinct lows near the same price level
- A moderate bounce between the lows
- Volume often increases on the second bottom

## Why I like it:

Selling pressure is weakening. Buyers have defended the same level twice. I don't try to catch the exact bottom — that's expensive. Wait for confirmation before acting.

### **\$MAXWELL'S RULE:**

I wait for price to close above the neckline — the midpoint bounce — before acting.

# 2. DOUBLE TOP

A bearish reversal pattern that forms near resistance — signaling that upward momentum may be running out.



## How to identify it:

- Two highs near the same price level
- A pullback between the highs, forming an "M" shape
- Volume often fades on the second top

## Why I like it:

This pattern tells me a stock may be stretched to the upside. I use it to manage risk, sell into strength, or avoid chasing late entries.

### \$MAXWELL'S RULE:

If price closes above the second high, the pattern fails. Move on — no revenge trades.

# 3. MORNING STAR

## REVERSAL

A three-candle bullish reversal pattern that appears after a decline — signaling a shift in sentiment.



### How to identify it:

- A strong bearish candle
- A small candle showing indecision
- A strong bullish candle closing above the midpoint of the first candle

### Why I like it:

This pattern shows selling pressure is fading and buyers are stepping back in. I always wait for the third candle to close before I act.

#### \$MAXWELL'S RULE:

All three candles must form cleanly. Wait for that third candle to fully close.

# 4. EVENING STAR

## REVERSAL

The bearish counterpart to the morning star. Often appears after a strong move higher.



### How to identify it:

- A strong bullish candle
- A small candle showing indecision
- A strong bearish candle closing below the midpoint of the first candle

### Why I like it:

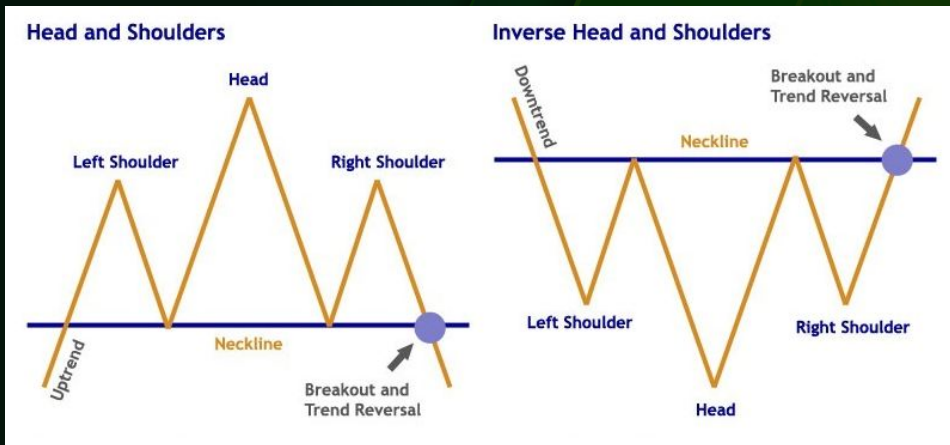
This pattern confirms that momentum is shifting lower. I use it to protect gains and avoid holding when the trend is turning against me.

#### \$MAXWELL'S RULE:

Works best near resistance or when price is extended from the moving average.

# 5. HEAD & SHOULDERS

Represents a structural change in the market — and often signals a larger shift in trend.



## How to identify it:

- A shoulder forms
- A higher high (or lower low) forms the head
- A second shoulder forms at a similar level
- A neckline connects the reaction points

## Why I like it:

This pattern shows repeated failure in one direction. Bullish or bearish, it tells me momentum is changing. I always wait for it to fully develop before acting.

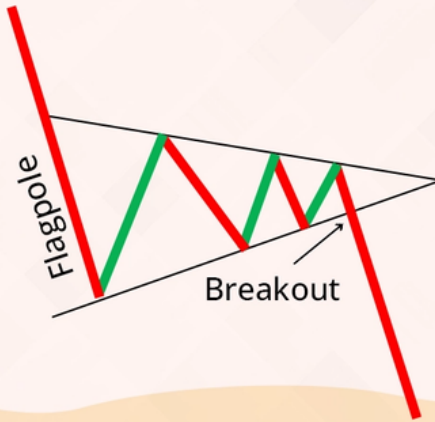
### \$MAXWELL'S RULE:

The neckline break is the signal — not the pattern forming. Never jump the gun.

# 6. PENNANTS (FLAGS)

Periods of price compression that occur after strong moves. Think of them as a pause — where emotion settles and clarity builds.

## Bearish Pennant Patterns



### How to identify it:

- A sharp move higher or lower
- A tightening range of candles
- A small symmetrical triangle forms (looks like a flag)

### Why I like it:

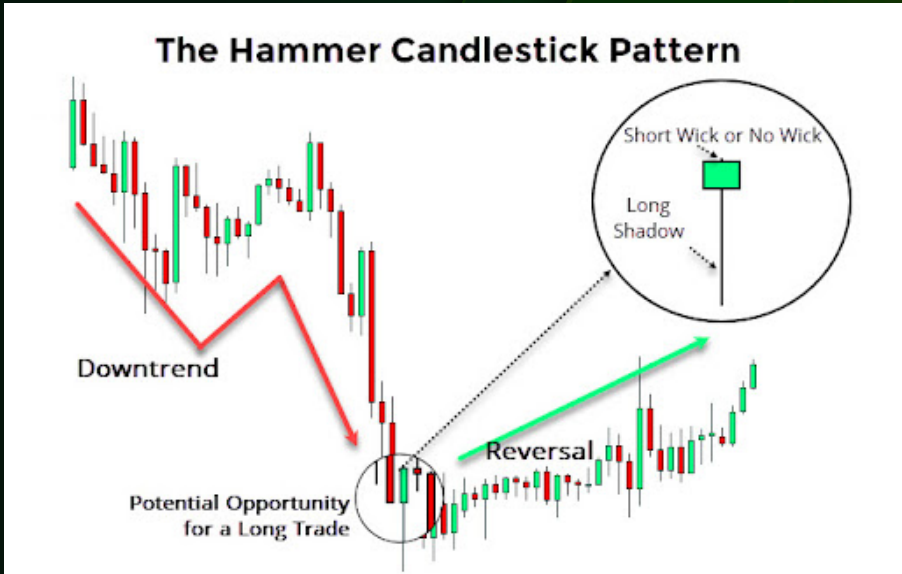
Pennants show reduced volatility after a big move. They help me wait for clarity instead of forcing a trade.

#### **\$MAXWELL'S RULE:**

The direction of the flagpole tells you the likely breakout direction.

# 7. HAMMER

A simple one-candle reversal pattern that forms after a decline.



## How to identify it:

- A small body near the top of the candle
- A long lower shadow — at least twice the size of the body
- Little to no upper shadow

## Why I like it:

Hammers show rejection of lower prices. They work best near support or a key moving average. Location matters more than the candle itself.

### \$MAXWELL'S RULE:

One candle alone isn't enough. The hammer needs to be at a meaningful price level.

## WHAT'S NEXT

If this guide was helpful, the next step is learning how I use these same levels and confirmations to structure trades more conservatively — especially with options.

### **Inside my free Put Selling Mini-Course, you'll discover:**

- How to identify high-probability trades so you stop guessing and start acting with confidence.
- How to protect your capital with a simple, repeatable risk-management process.
- How to generate consistent income using a calm, systematic approach.

**No hype.**  
**No pressure.**  
**Just a process.**

This content is for educational purposes only. I am not providing financial advice or recommending specific securities. Trading stocks and options involves risk, and you are responsible for your own decisions. I'm simply sharing the framework I use to stay calm and consistent.