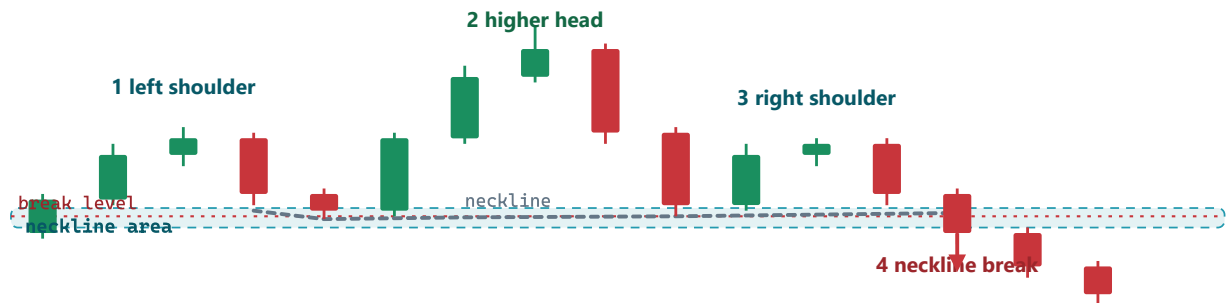


Reading the head & shoulders

A head & shoulders is a three-peak shape some traders watch near the end of an uptrend: a peak, a taller peak, then a lower peak, all resting on one line called the neckline.



PHASE 1 · LEFT SHOULDER

first peak forms

Price rallies, makes a high, then eases back down. That first bump is the left shoulder. The pullback low it leaves behind becomes one anchor for a line drawn underneath, the neckline.

PHASE 2 · THE HIGHER HEAD

a taller peak

Buyers push again and price makes a higher high than the left shoulder. This middle, tallest peak is the head. Price then falls back toward the same neckline area, leaving a second low near the first.

PHASE 3 · RIGHT SHOULDER

a lower peak

A third rally follows but stalls below the head, forming a right shoulder that roughly mirrors the left. The peaks now read as low, high, low, sitting on a shared neckline.

PHASE 4 · NECKLINE BREAK

the line gives way

When price closes below the neckline after the right shoulder, the shape is described as complete. This close beneath the shared low is the event that traditionally marks the pattern as finished forming.

Key terms

left shoulder — the first peak and pullback, before the higher head forms.

head — the middle, tallest peak, higher than both shoulders.

right shoulder — a third peak that stalls below the head, echoing the left shoulder.

neckline — a line drawn under the pullback lows; a close below it completes the shape.

How to read & use it

count the three peaks

Look for low, high, low: a shoulder, a taller head, then a shoulder that fails to reach the head. Rough symmetry between the two shoulders makes the shape clearer.

draw the neckline

Connect the pullback lows sitting under the peaks. It can slope gently rather than run perfectly flat. This line is the reference level the whole pattern hangs from.

the neckline break as context

A close below the neckline is what many traders call confirmation of the pattern. It describes a shift in structure, not a certainty; shapes can fail or never complete.

HOW QUANTREEF USES THIS

Anything Quantreef highlights around a head & shoulders is descriptive context to help you learn the shape. It is educational information, not a signal, recommendation, or prediction, and it is never advice to buy or sell.