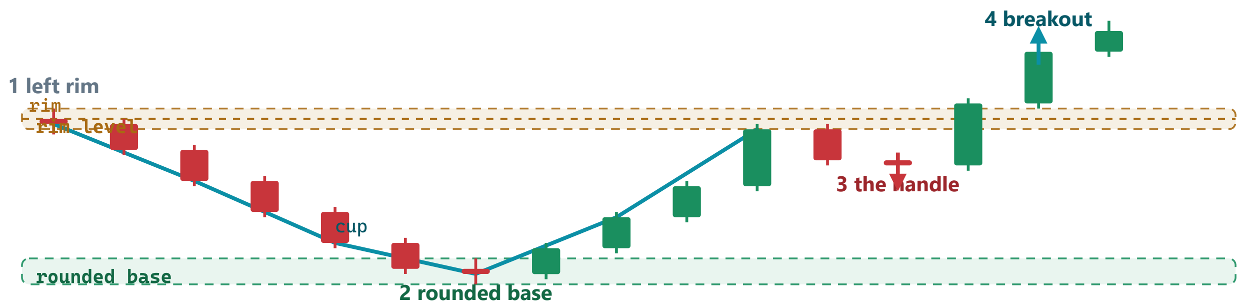
PATTERNS AND EXECUTION

the cup and handle

The cup and handle is a chart shape: a slow rounded dip that recovers to where it started, then a small shallow pullback, then a move back above that upper edge. This page explains the shape and its words.

QUANTREEF
market microstructure



1
the left rim
Price sits near a high, then starts drifting lower in a gentle, curved way rather than a sharp drop. That upper edge where it began is called the rim.

2
the rounded base
The decline slows, flattens out, and turns back up, tracing a smooth U shape. This soft, rounded bottom is the cup, and it can take many candles to form.

3
the handle
After climbing back near the rim, price stalls and drifts down a little in a small, shallow pullback. This short dip below the rim is the handle.

4
the breakout
Price pushes back up through the rim level, moving above the top of both the cup and the handle. Traders call this crossing of the rim the breakout.

Key terms

cup — The rounded, U-shaped dip and recovery that forms the main body of the pattern.

rim — The upper price edge where the cup begins and later where the breakout is measured.

handle — The small, shallow pullback that forms just after price returns near the rim.

breakout — A descriptive term for price moving back above the rim after the handle.

How to read & use it

look for the smooth curve
A textbook cup is rounded and gradual, not a sharp V. The slow, even shape is what people mean by a rounded base rather than a spike.

the handle is small
By description, a handle is a shallow dip near the rim, not a deep second slide. A large drop is usually described as a different shape entirely.

patterns can fail
A shape that looks like a cup and handle does not guarantee any outcome. Price may drift back down instead. Treat it as one way to describe past movement, not a forecast.

HOW QUANTREEF SHOWS THIS

When Quantreef highlights a cup and handle, it is offering descriptive, educational context about the shape of past price movement. It is not a signal, a recommendation, or a prediction of what price will do next, and nothing here is trading advice.