

Pennant Patterns Are Forming Everywhere In The Markets

Since plunging two weeks ago, many financial markets have been trading water as market participants digest the recent developments and try to determine what comes next. From a technical analysis perspective, [pennant patterns](#) or [flag patterns](#) (both are considered to be [continuation patterns](#)) may be forming in a variety of different financial markets. These patterns often happen after a major move, as traders take a pause to catch their breath. A strong breakout with high volume in the pattern and the result is a strong move in the same direction as the previous move. A typical pennant pattern (via



forming a pennant pattern:



The Dow may also be:



The tech-heavy Nasdaq 100 may also be:



The 10 Year note price may also be forming a pennant pattern. Its decline (which corresponds with higher bond yields) has been contributing to the stock market's bearish action lately. If the possible pennant pattern is confirmed to the downside, it would be another bearish omen for stocks (and vice versa).



The VIX or Volatility Index (a fear gauge for the U.S. stock market) may also be forming a pennant pattern. If the VIX breaks out to the upside, it would give a bearish signal for stocks (and vice versa).



It's not just the U.S. markets - Japan's Nikkei 225 may also be forming a pennant:



Germany's DAX stock market index too:



And so is the European stock market index:



Please be aware that this commentary is *not a prediction*. These patterns need to be confirmed one way or another by a breakout with strong volume. If the stock indices break to the downside, it would be extremely concerning after the bearish action that occurred in early-October.