Anatomy of a Reversal

Mastering the Inverse Head & Shoulders Strategy

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Structural Architecture

Support & Resistance

Necklines

Market Structure



Risk & Sell-Side

Bearish Candlesticks

Stop Hunts

Stop Loss Placements



Action & Targets

Bullish Candlesticks

Entry Points

Breakout Confirmations

All subsequent charts adhere to this strict institutional color taxonomy to isolate market mechanics.

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The Structural Metaphor



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Phase 1: Establishing the Baseline.

The prevailing downtrend hits its first major roadblock, creating structural boundaries.

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Phase 2: The Liquidity Sweep.

Price pierces previous lows to trigger stops, capturing liquidity before aggressively reversing.

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Phase 3: Structural Shift.

Sellers fail to push price back into the liquidity zone. A higher low forms, confirming shifting momentum.

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Execution: The Breakout.

The setup is only valid once the neckline is breached and confirmed.

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The Risk



Invalidation point.

Protects capital if market structure fails.

The Reward



Measured moves mapped to historical liquidity voids and previous structural highs.

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Terminal Interface



1. Identify

Wait for the Liquidity Sweep (The Head) to clear the first low.

Terminal Interface



2. Confirm

Never front-run. The Neckline breakout is the only valid activation.

Terminal Interface



3. Manage

Anchor risk to the Right Shoulder, target historical resistance.

Pattern recognition is only half the trade; execution dictates the outcome.

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