

Al Brooks' 10 Best Price Action Patterns

Comprehensive Executive Summary & Pattern Guide

1. Core Trading Philosophy & Market Structure

Al Brooks' price action framework focuses on recurring, high-probability chart setups visible across all liquid markets (Forex, stocks, futures, commodities) and timeframes. Rather than predicting price movement, Brooks emphasizes understanding market context, institutional behavior, and two-sided auction dynamics.

Key Concept	Core Principle / Description	Trading Implication
Market Structure	Markets move in legs and waves rather than straight lines. Repeated attempts create recognizable structures.	Look for second attempts and leg completions.
Risk vs. Probability	Early entries offer tight stops (low risk) but lower win rates (~40%). Confirmed trends offer higher win rates (~60%) with wider stops.	Traders must choose between high risk/reward or high probability.
Second Signals	The market frequently tests key levels twice. If two countertrend attempts fail, resumption is swift.	Second signals (High 2 / Low 2) provide significantly higher conviction.
Price Magnets	Key technical levels (moving averages, prior highs/lows, range edges) attract price before triggering reversals.	Target profit taking or reversal setups around known magnet zones.

2. Detailed Breakdown of the 10 Best Patterns

1. Major Trend Reversals (MTR)

Attempts to enter at the beginning of a new trend. The pattern consists of a trend, a pullback that breaks out of the trend channel, a trend resumption attempt, and a second pullback that evolves into a major opposite trend. Win rate is typically ~40% with excellent risk/reward ratio.

2. Final Flags

A continuation pattern (such as a tight trading range or triangle) that forms late in a trend near a magnet (resistance in a bull, support in a bear). When the breakout fails, it triggers a strong reversal move in the opposite direction.

3. Breakouts

A strong trend bar closing beyond key support or resistance (trading ranges, channels, moving averages). Breakouts are Al Brooks' favorite pattern due to their high probability of follow-through.

4. High 2 Bull Flags & Low 2 Bear Flags

Two consecutive pullback legs within an ongoing trend. When two countertrend reversal attempts fail, countertrend traders are trapped and forced to exit, fueling a fast resumption of the main trend. Small double bottoms/tops act as High 2 / Low 2 setups.

5. Wedges (Three Pushes)

A pattern featuring three consecutive pushes against or within a trend (sloped channels or diagonal triangles). Parabolic wedges represent extreme buy/sell climaxes and frequently result in major trend reversals or trading ranges.

6. Channels

Price action bounded within sloping lines. Bull channels function as potential bear flags (75% chance of eventual downward breakout), whereas bear channels function as potential bull flags.

7. Measured Moves

Price projections based on prior swing sizes, channel heights, or trading range breakouts. Used primarily as profit targets and reversal magnet zones.

8. Trading Range Reversals

Reversal setups that occur at the outer boundaries (support and resistance edges) of sideways, non-trending markets.

9. Opening Reversals

Early session moves testing major support or resistance that rapidly reverse, frequently defining the high or low of the day and setting the prevailing daily trend.

10. Magnets (Support & Resistance)

Key price levels—including moving averages, prior session highs/lows, trendlines, and measured move targets—that pull price toward them and trigger institutional activity.

3. Practical Application & Execution Strategy

To trade these patterns successfully, Al Brooks emphasizes flexibility and top-down market structure analysis:

- **Context is Paramount:** No pattern works in isolation. Align short-term entries with broader market context and higher-timeframe support/resistance.
- **Multiple Patterns Coexist:** A single setup might simultaneously represent a failed channel breakout, a final flag, and a major trend reversal.
- **Wait for Confirmation (Second Signals):** Waiting for a strong reversal bar or a second signal increases trade probability, even if it requires a wider stop.
- **Strict Risk Management:** Maintain stops beyond signal bar extremes or key swing pivots to ensure risk/reward alignment.