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# Horn Pattern Trading in Technical Analysis; Horn Top and Bottom

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Writer:  
Nino Gogochashvili




Reviewer:  
Davit Kvaratskhelia




Fact checker:  
Rajesh Sharma



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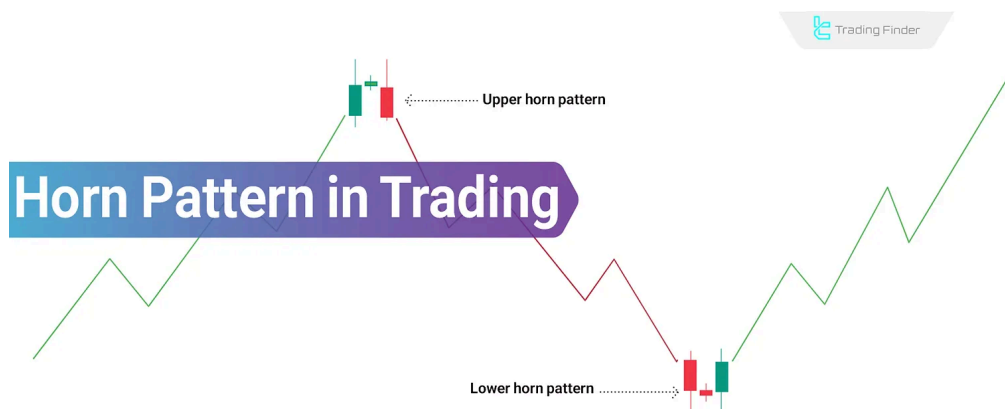
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The **Horn Pattern** in **technical analysis** is one of the lesser-known **reversal patterns** that, unlike **classical patterns**, is based on the behavior of **three consecutive candlesticks**. Two large volatile candlesticks on either side and a **small candlestick** in between, form the **core structure** of this pattern.

This pattern appears in **bullish (Horn Bottom)** and **bearish (Horn Top)**, forms and signals a short-term **imbalance in the market trend**, where, after two consecutive surges, the price undergoes a **swift and strong** reversal.



Horn Top and Bottom in the Horn Pattern Trading in Technical Analysis

## What is the Horn Pattern?

The **Horn Pattern** is a reversal pattern on the price chart formed by **three candlesticks**, with **two large** ones on either side and a **small** candlestick in **between**.

This pattern emerges when the price makes two sharp, rapid moves in one direction (e.g., upward or downward), but ultimately fails to continue, signaling a potential **trend reversal**.

If the two large candlesticks point upwards and appear at the top of the chart, it is called a **Horn Top**, usually indicating the start of a **bearish trend**.

Conversely, if the two large candlesticks point downwards and appear at the bottom of the chart, they form a **Horn Bottom**, suggesting a likely start of a **bullish trend**.

The small middle candlestick, situated between the two horns, indicates **market hesitation** and plays a crucial role in completing the pattern.

Despite visual similarities to patterns like the **Double Top** or **Double Bottom**, price reactions after completing the **Horn Pattern** are typically quicker, more volatile, and occur with **higher volume**.

## Analysis of Top and Horn Bottom

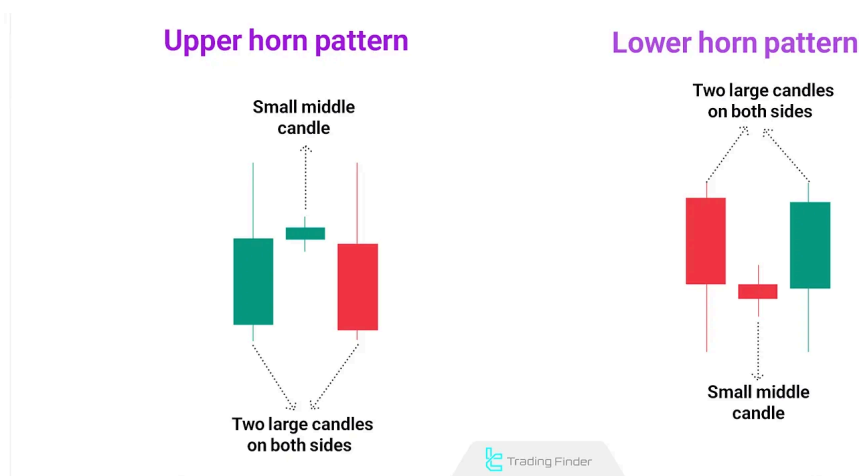
The Horn Pattern appears in **two** different forms on the chart, each representing a specific type of trend reversal. The two primary variations are:

### Horn Top

The **Horn Pattern Trading** is a bearish reversal formation that appears at the end of an **upward trend**. Its structure consists of two strong bullish candlesticks on either side and a small-bodied **candlestick** in between. This formation signals that, despite **two consecutive** surges in price, bullish momentum has weakened.

### Horn Bottom

The **Horn Pattern (Bottom)** appears at the end of a **downward** trend, indicating a possible market reversal to the upside. **Two strong bearish** candlesticks on either side and a **small central candlestick** form the framework of this pattern. It reflects sellers' failure to break support levels successfully.



Formation of Two Large Candlesticks and One Small Middle Candlestick in the Horn Pattern in Technical Analysis

## Entry and Exit Strategies in the Horn Pattern

When **entry and exit** are based on well-defined rules, the effectiveness of the pattern improves significantly. These strategies rely on **breakout confirmation** of the pattern zone and **candlestick behavior**:

## #1 Breakout Confirmation with a Closed Candlestick

The first rule is to wait for the candlestick to **close outside** the horn range. A mere temporary breakout or a candlestick wick is not sufficient. A valid breakout occurs when a full candlestick closes **above the high of the right horn (in Horn Bottom)** or **below the low of the right horn (in Horn Top)**. This confirmation helps detect **false breakouts**.

## #2 Entry Point

Entry in the **Horn Pattern** should take place immediately after a confirmed breakout. The ideal **entry point** is the closing price of the breakout candlestick or slightly lower (in **Horn Top**) and slightly higher (in **Horn Bottom**) to avoid entry delays. In **lower timeframes**, entries can be fine-tuned using smaller candlesticks.

## #3 Setting Target Using Support/Resistance or Fibonacci

Price targets can be defined using two methods:

- ⚡ **Previous Support and Resistance Levels:** **Support and Resistance** are zones where the price has historically reacted;
- ⚡ **Fibonacci Levels:** Based on the preceding trend, targets can be calculated using Fibonacci ratios such as **1.618** or **2.618** relative to the **horn's height**.

Preferably, the target should be placed **before congestion zones** to increase the likelihood of being reached.

## #4 Setting a Proper Stop-Loss

To manage risk, the stop-loss must be placed logically near the pattern structure:

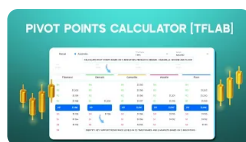
- ⚡ **In Horn Top:** Above the wick of the **right** horn
- ⚡ **In Horn Bottom:** Below the wick of the **right** horn

If the distance between the **stop** and the **entry** is too wide, it's better to **adjust** the **position** or reduce the trade size to control risk.

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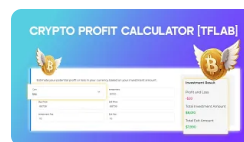
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## Example of Trading with Horn Top Pattern

On the **EUR/USD chart**, price has been in an upward trend, followed by two large **bullish candlesticks** forming within a short time span.

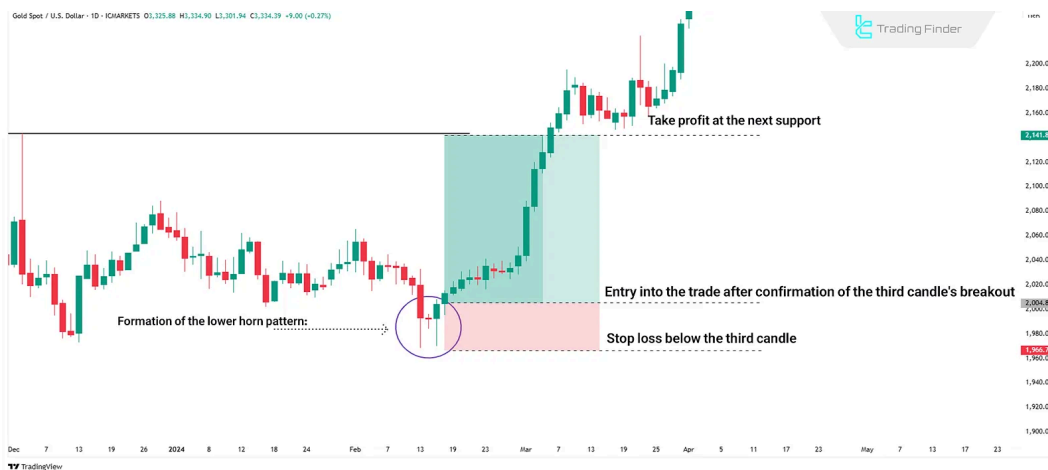
A small candlestick appears between them, indicating weakening **buying pressure**. Then, the price breaks below the low of the **right horn** with a strong bearish candlestick.



How to Execute a Bearish Trade with Horn Top in Horn Pattern Trading

## Example of Trading with Horn Bottom Pattern

In the example below, the **XAU/USD (Gold) chart** is analyzed at the end of a downtrend. Two powerful, bearish candlesticks appear close together, with a small **candlestick** in between. After a short while, the market closes above the **high** of the **right horn**, initiating a new **bullish trend**.



How to Execute a Bullish Trade with Horn Bottom in Horn Pattern in Technical Analysis

## Conclusion

The **Horn Pattern Trading** is a short-term reversal structure that can be identified by observing the arrangement of **three consecutive candlesticks**.

Its key distinction from similar patterns lies in the **speed and volatility** of price reaction post-pattern completion.

Analyzing this pattern requires more than just recognizing its shape. Candlestick ratios, trend context, and trading volume must all be evaluated together.

In a **Horn Top**, the price's inability to continue upward and the emergence of sellers signals the start of a **bearish move**. On the contrary, in a **Horn Bottom**, the reduction in **selling pressure** and the appearance of **buyers** may indicate the **beginning of a bullish reversal**.

### FAQs

Which timeframes are most suitable for the Horn Pattern? ▼

The Horn Pattern Trading generally performs better on **higher timeframes**, such as **daily and weekly**, where volume and behavioral data are more reliable. However, it can also be observed in lower timeframes.

The Horn Pattern focuses on a **compact three-candle structure**, not broad price formations. It

features two sharp candlesticks flanking a small one, whereas **Double Tops/Bottoms** typically have wider time gaps and a more symmetrical layout.

The best time is **after the confirmation candlestick closes outside** the right horn; Entry should follow a confirmed breakout.

What is the best time to enter a trade after a Horn Pattern? ▼

The best time is **after the confirmation candlestick closes outside** the right horn; Entry should follow a confirmed breakout.

Can indicators help confirm the Horn Pattern? ▼

Yes; Indicators like **RSI (for divergence)**, **volume indicators**, and **moving averages** can confirm breakout validity or the weakening of the previous trend. This combination increases trade success probability.

What's the difference between Horn Top and Horn Bottom?  
Horn Top forms at the end of a bullish trend and signals a bearish reversal. Horn Bottom forms at the end of a bearish trend and indicates a bullish reversal. Candlestick behavior is similar, but **breakout direction and entry points differ**.

Can the Horn Pattern be used in markets other than crypto or forex?  
Yes. This pattern is not limited to a specific market. It can be applied to **stocks, commodities, indices**, and even **equities**.

Can stop-loss be placed close to the entry in Horn Pattern? ▼

No. The stop should be placed **just outside the right horn's structure**. Placing it too close may result in premature exit due to normal volatility.



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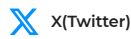


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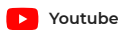
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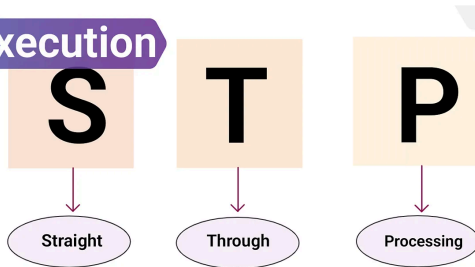


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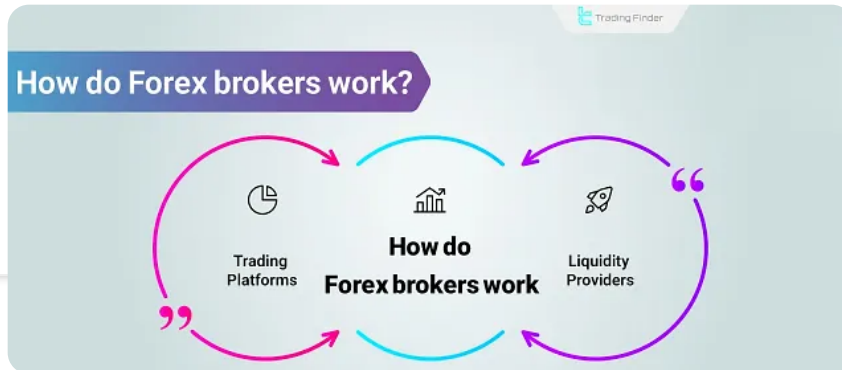


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