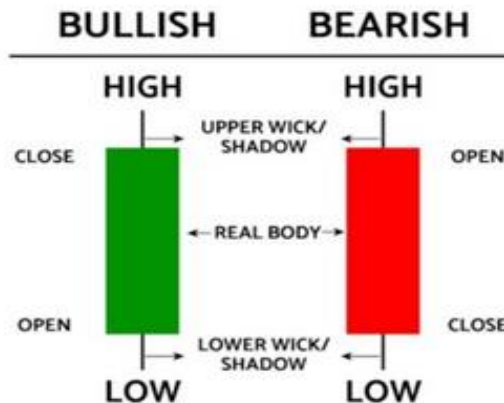


What is a Candlestick?

Japanese candlesticks are formed using the open, high, low and close of the chosen time frame.



-If the close is above the open, we can say that the candlestick is bullish which means that the market is rising in this period of time. Bullish candlesticks are displayed as green candlestick.

The most important is the open price and the close price.

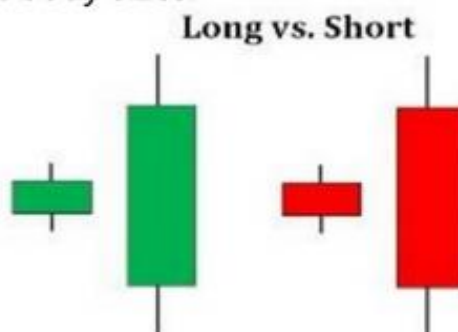
-If the close is below the open, we can say that the candlestick is bearish which indicates that the market is falling in this session. Bearish candles are displayed as red candlesticks.

You can find different colors used to differentiate between bullish and bearish candlesticks.

- The filled part of the candlestick is called the real body.
- The thin lines poking above and below the body are called shadows.
- The top of the upper shadow is the high
- The bottom of the lower shadow is the low.

Candlestick body sizes:

Candlesticks have different body sizes:



Long bodies refer to strong buying or selling pressure, if there is a candlestick in which the close is above the open with a long body, this indicates that buyers are stronger and they are taking control of the market during this period of time.

Conversely, if there is a bearish candlestick in which the open is above the close with a long body, this means that the selling pressure controls the market during this chosen time frame.

-Short and small bodies indicate a little buying or selling activity.

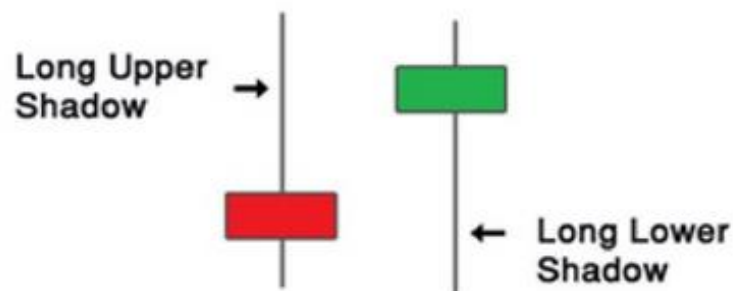
Candlestick shadows (tails):

The upper and lower shadows give us important information about the trading session.

-Upper shadows signify the session high

-Lower shadows signify the session low

Candlesticks with long shadows show that trading action occurred well past the open and close.



Japanese candlesticks with short shadows indicate that most of the trading action was confined near the open and close.

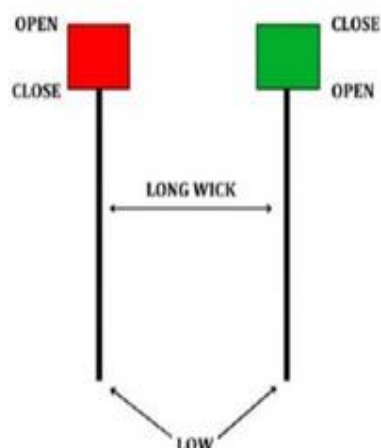
-If a candlestick has a longer upper shadow, and short lower shadow, this means that buyers flexed their muscles and bid price higher.

But for one reason or another, sellers came in and drove price back down to end the session back near its open price.

-If a Japanese candlestick has a long lower shadow and short upper shadow, this means that sellers flashed their washboard abs and forced price lower. But for one reason or another buyer came in and drove prices back up to end the session back near its' open price.

Bullish Candlestick Patterns:

Hammer

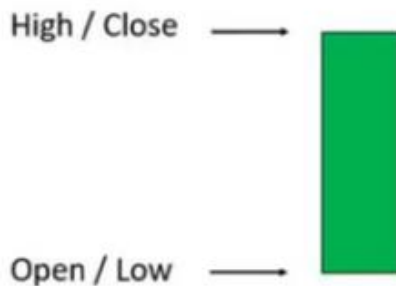


Hammer is a single candlestick pattern that is formed at the end of a downtrend and signals a bullish reversal.

The real body of this candle is small and is located at the top with a lower shadow which should be more than twice the real body. This candlestick chart pattern has no or little upper shadow.



White Marubozu

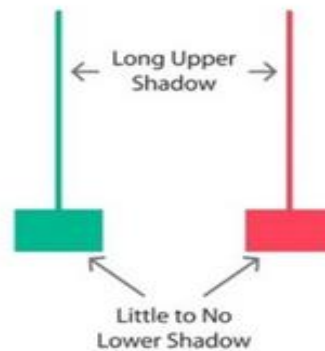


The White Marubozu is a single candlestick pattern that is formed after a downtrend indicating a bullish reversal.

This candlestick has a long bullish body with no upper or lower shadows which shows that the bulls are exerting buying pressure and the markets may turn bullish.



Inverted Hammer



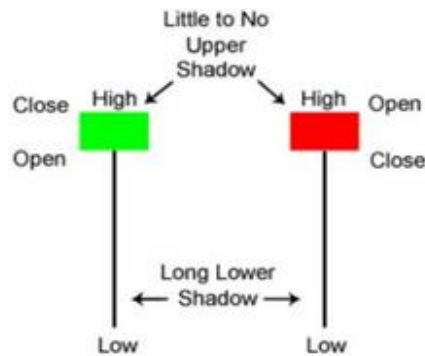
An Inverted Hammer is formed at the end of the downtrend and gives a bullish reversal signal.

In this candlestick, the real body is located at the end and there is a long upper shadow. It is the inverse of the Hammer Candlestick pattern.

This pattern is formed when the opening and closing prices are near to each other and the upper shadow should be more than twice the real body.



Continuation Candlestick Patterns: Hanging Man



Hanging Man is a single candlestick pattern which is formed at the end of an uptrend and signals bearish reversal.

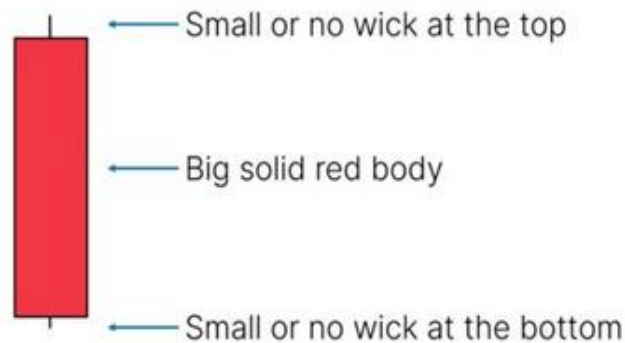
The real body of this candle is small and is located at the top with a lower shadow which should be more than the twice of the real body. This candlestick pattern has no or little upper shadow.

The psychology behind this candle formation is that the prices opened and seller pushed down the prices.

Suddenly the buyers came into the market and pushed the prices up but were unsuccessful in doing so as the prices closed below the opening price.



Black Marubozu



The Black Marubozu is a single candlestick pattern which is formed after an uptrend indicating bearish reversal.

This candlestick chart has a long bearish body with no upper or lower shadows which shows that the bears are exerting selling pressure and the markets may turn bearish.



Shooting Star



Shooting Star is formed at the end of the uptrend and gives bearish reversal signal.

In this candlestick the real body is located at the end and there is long upper shadow. It is the inverse of the Hanging Man Candlestick pattern.

This pattern is formed when the opening and closing prices are near to each other and the upper shadow should be more than the twice of the real body.



Continuation Candlestick Patterns: Spinning Top

Opening and closing
prices are almost
same.



Doji pattern is a price action candlestick pattern of indecision that is formed when the opening and closing prices are almost equal.

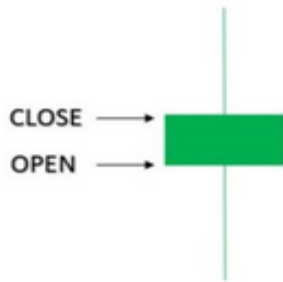
It is formed when both the bulls and bears are fighting to control prices but nobody succeeds in gaining full control of the prices.

The candlestick pattern looks like a cross with very small real body and long shadows.

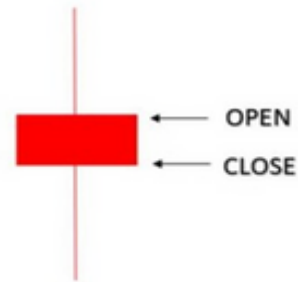


Spinning Top

Bullish Spinning Top:



Bearish Spinning Top:



The spinning top candlestick pattern is same as the Doji indicating indecision in the market.

The only difference between spinning top and doji is in their formation, the real body of the spinning is larger as compared to Doji.

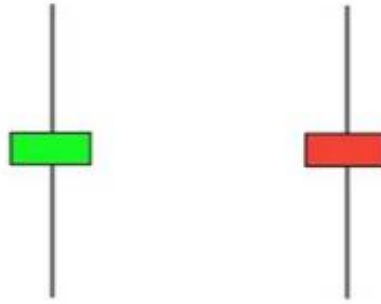
BEARISH



BULLISH



High Wave



The high wave candlestick pattern is an indecision pattern that shows the market is neither bullish nor bearish. It mostly occurs at support and resistance levels. This is where bears and bulls battle each other in the effort of trying to push the price in a given direction. Candlesticks depict the pattern with long lower shadows and long upper wicks. Likewise, they have small bodies. The long wicks signal there was a large amount of price movement during the given period. However, the price ultimately ended up closing near the opening price.

BEARISH



BULLISH

