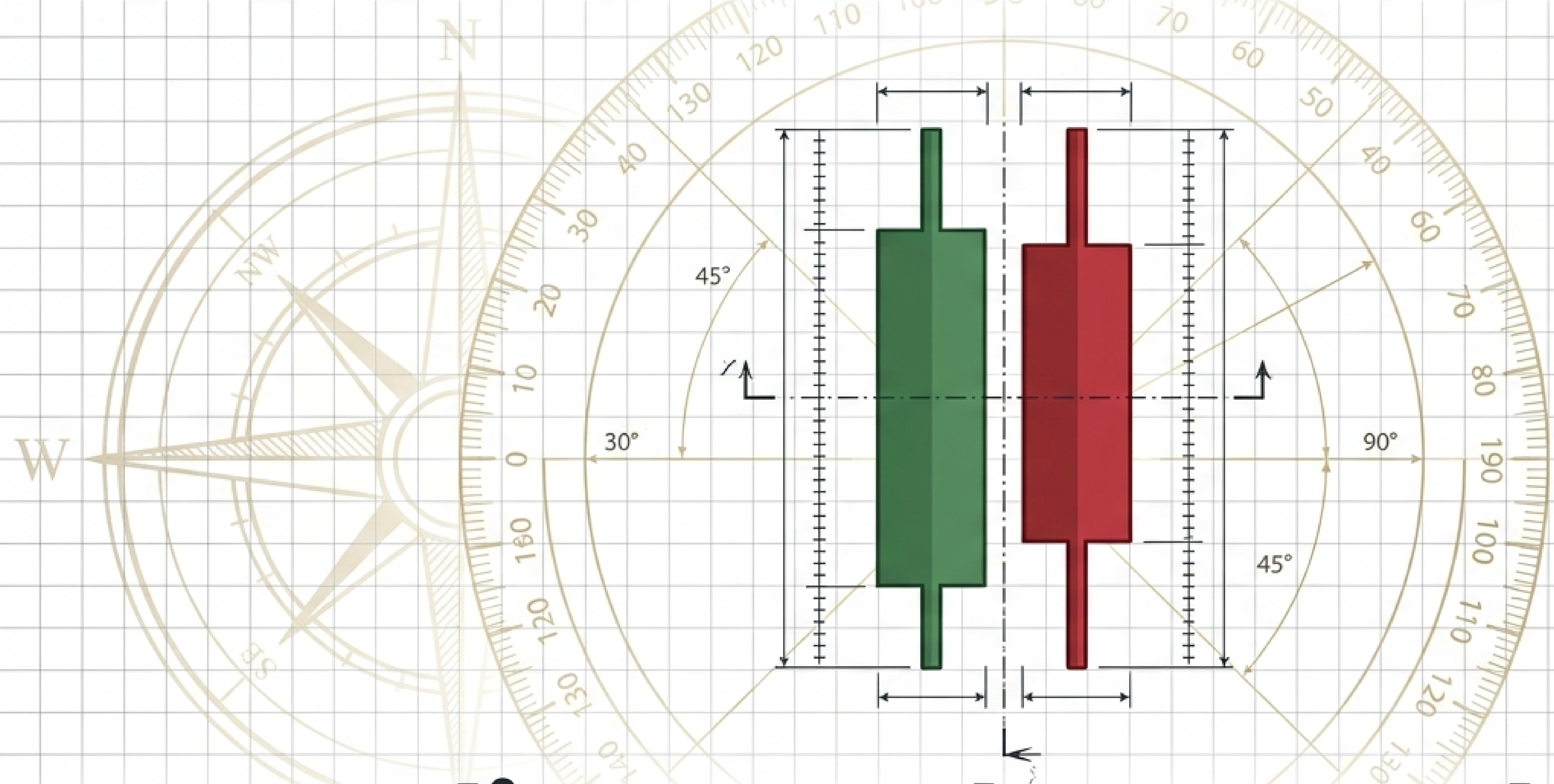


Decoding Market Psychology

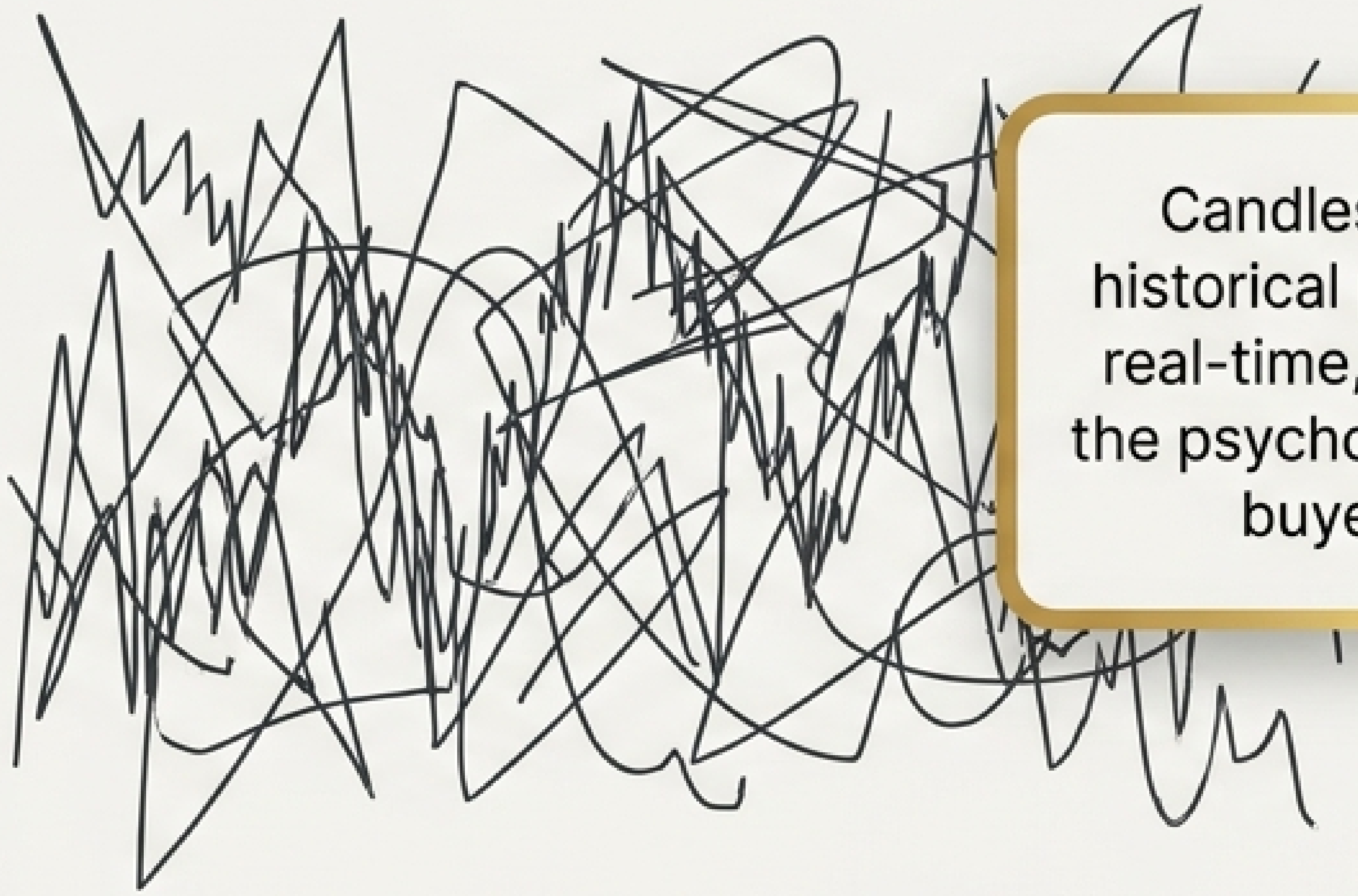
A Master Blueprint to Japanese Candlestick Analysis

SYSTEM INITIATED // DALALSTREET_ANALYST

DALALSTREET ANALYST: MARKET INSIGHTS

The Language of the Market

The Noise



The Signal

Candlesticks are not just historical price data. They are real-time, visual footprints of the psychological war between buyers and sellers.

1. The Alphabet: OHLC Anatomy & Core Principles

2. The Vocabulary: Deciphering Single & Double Patterns

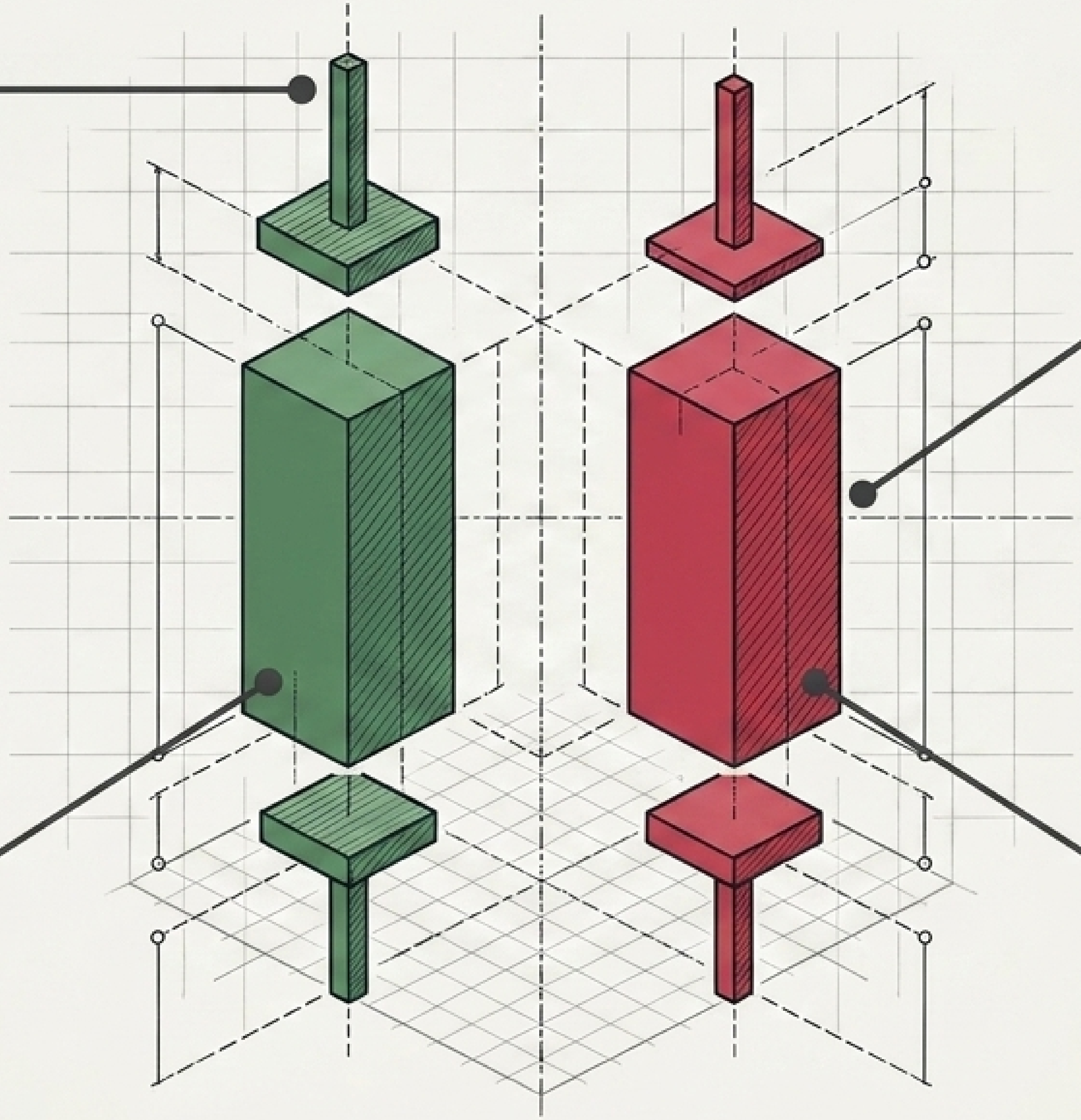
3. The Sentences: Triple & Continuation Structures

4. The Grammar: Systematic Entry & Exit Execution

The Alphabet: Candlestick Anatomy

High & Low (Upper/Lower Wicks)

The absolute limits of market emotion (Greed/Fear) during the session.



Open & Close (Real Body)

The definitive consensus of value. The wider the body, the stronger the conviction.

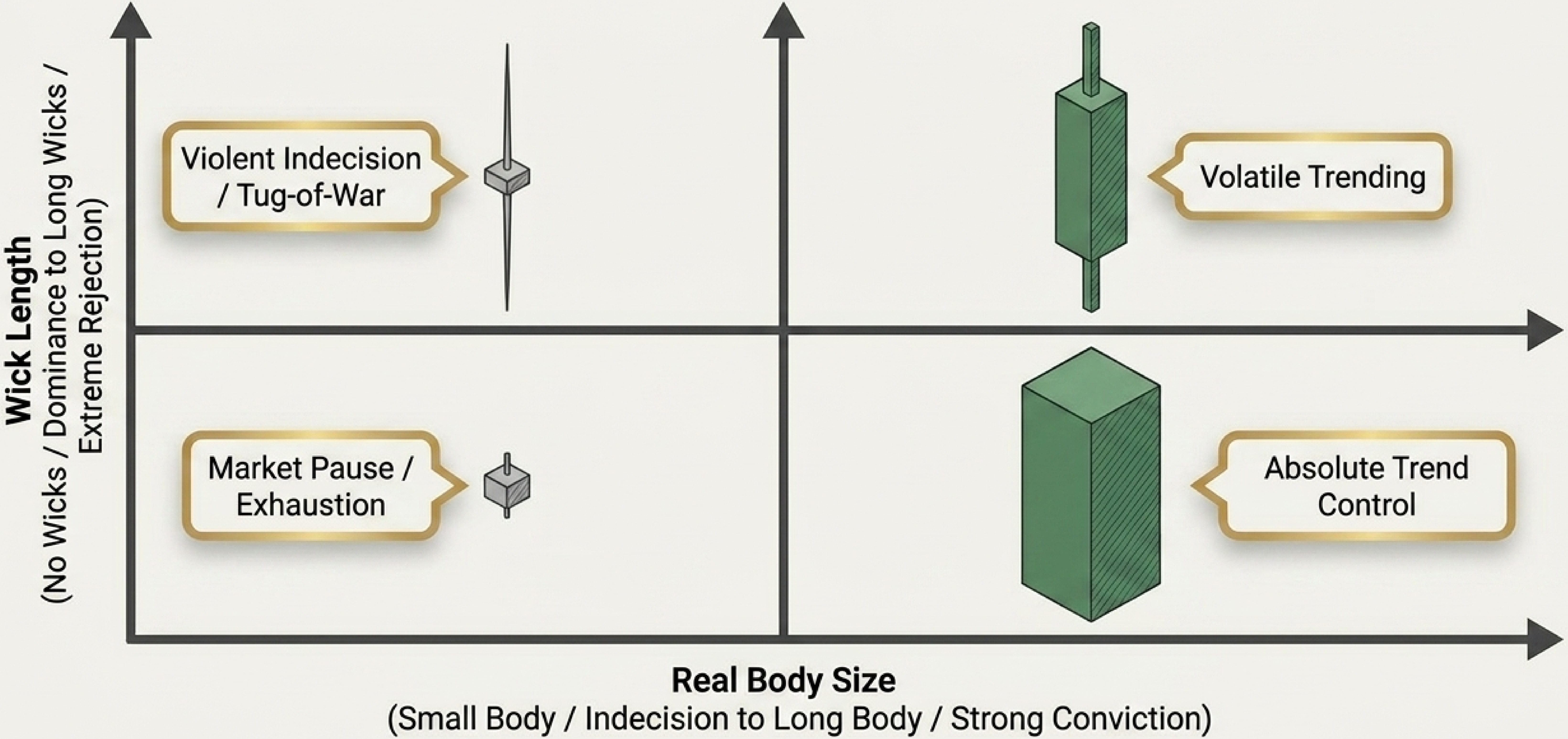
Buyers in Control

Close > Open

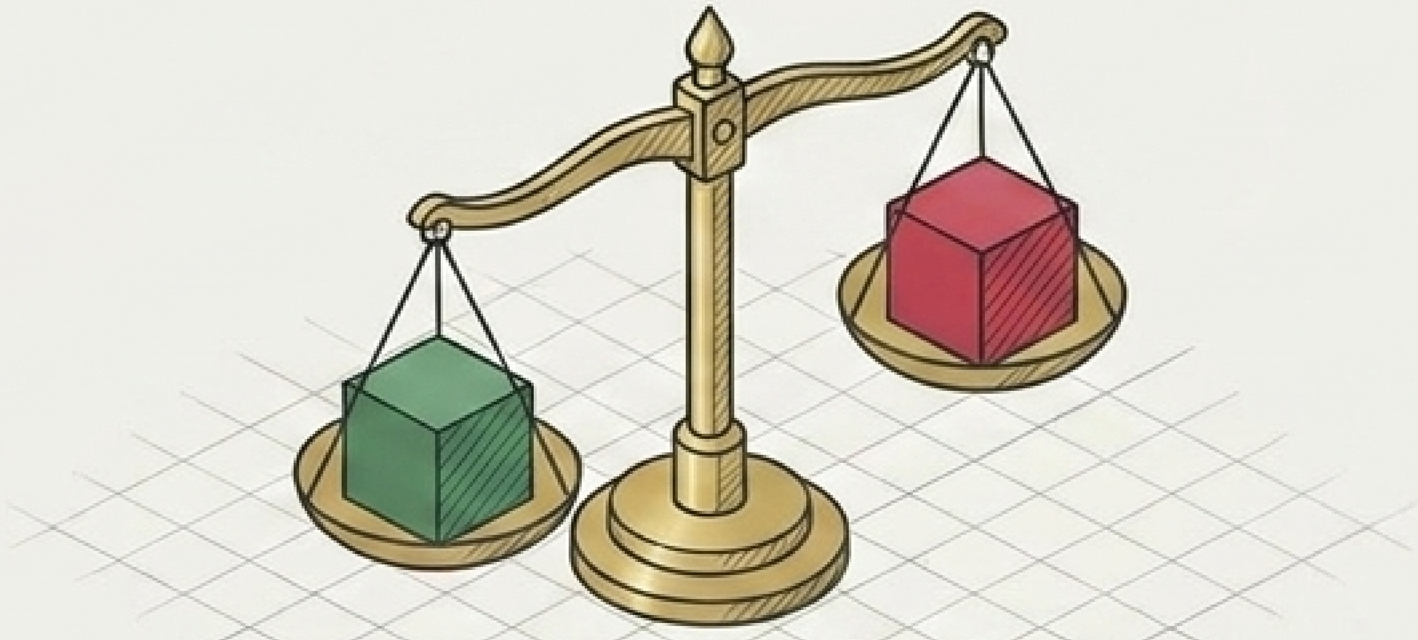
Sellers in Control

Open > Close

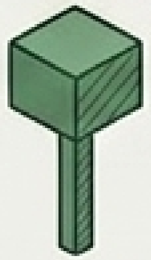
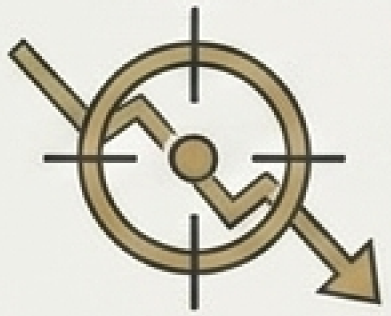
The Morphology Matrix: Gauging Conviction



The Vocabulary: Single Candle Reversals

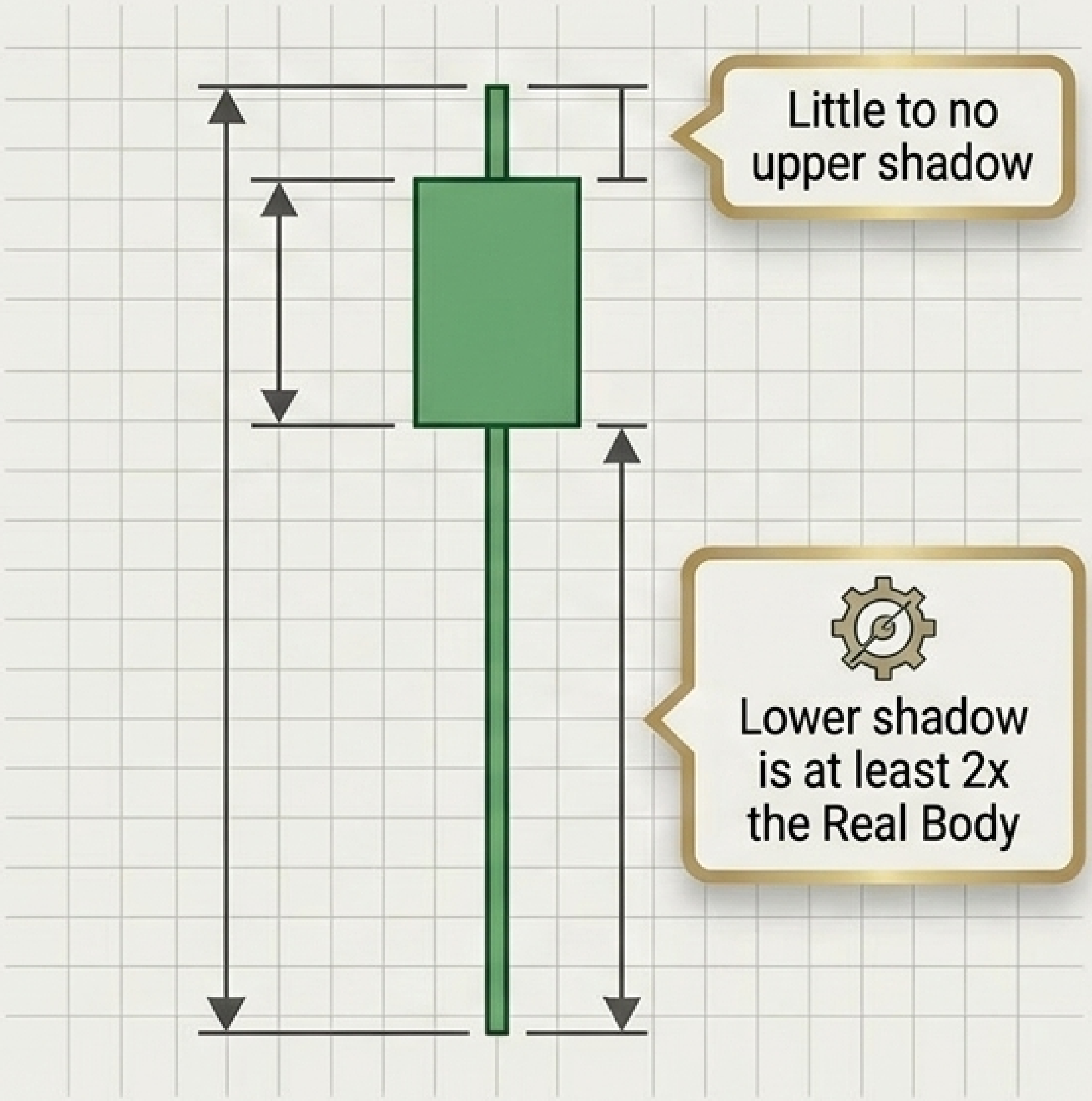


The Psychology Scale

The Hammer Concept	The Core Rule	The Target
 Sellers push down; aggressive buyers overpower them to close near the high.	 A single candle requires context. Never trade in a vacuum.	 Isolating the precise moment market psychology flips.

DALALSTREET ANALYST: MARKET INSIGHTS

Pattern Dashboard: The Hammer

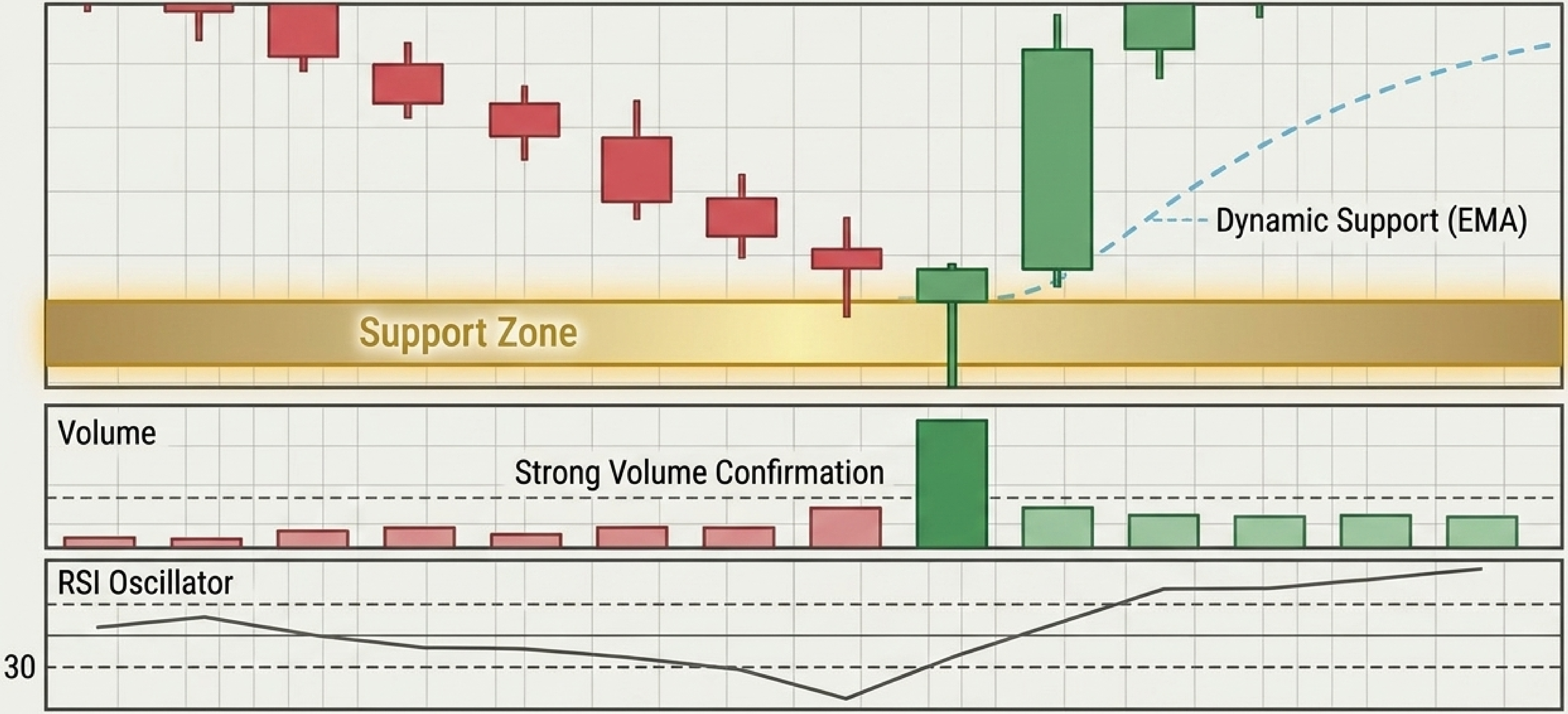


"Tug-of-War" meter

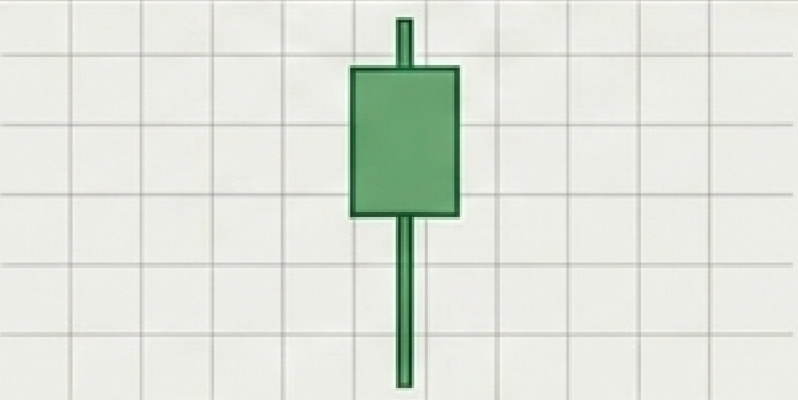
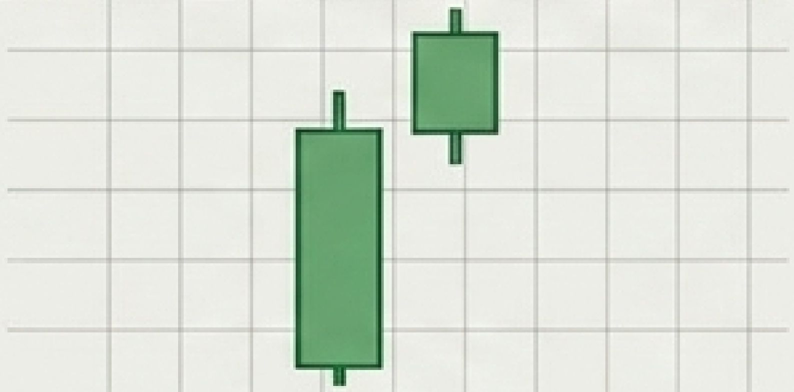
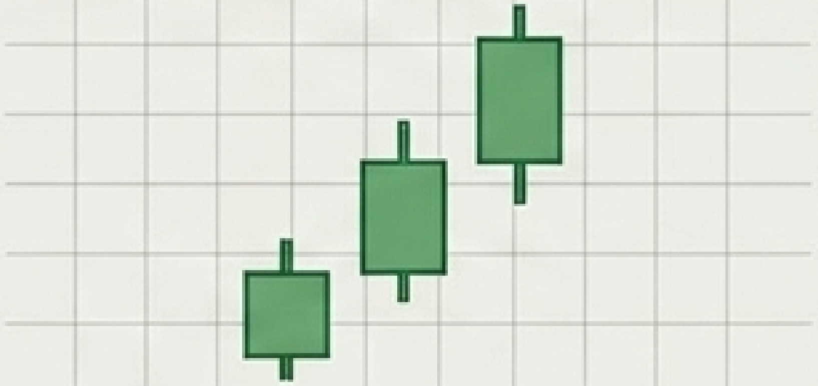
Buyers entered aggressively after sellers pushed the price to extreme lows.

Data Execution Table	
Context	Appears after a defined downtrend.
Entry	Buy above Hammer high after candle close.
Stop Loss	Immediately below Hammer low.
Avoid	Sideways markets, weak volume, overhead resistance.

Tactical Execution: The Hammer in Context



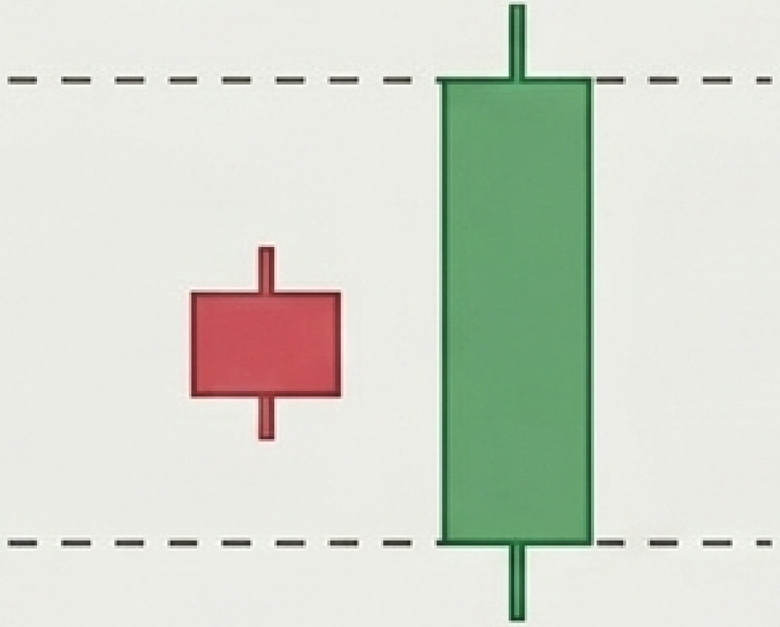
The Complexity Matrix: Pattern Evolution

	1-Candle (Single)	**2-Candle (Double)**	**3-Candle (Triple)**
Visual Icon			
Market Context	Early Warning	Active Reversal	Confirmed Shift
Psychological Shift	Instantaneous Reaction	Direct Conflict	Complete Structural Flip
Reliability Level	Low-Medium (Needs heavy confirmation)	Medium-High	Extremely High

As pattern complexity increases, confirmation latency increases, but signal reliability strengthens.

Double Patterns: Dominance & Absorption

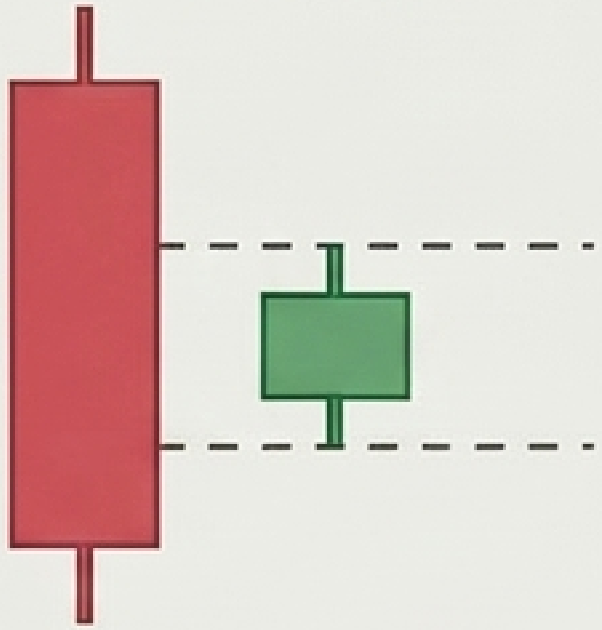
Engulfing (Total Dominance)



Mechanics: Body 2 must completely engulf Body 1.

Psychology: Complete psychological override. The second session entirely erases the first.

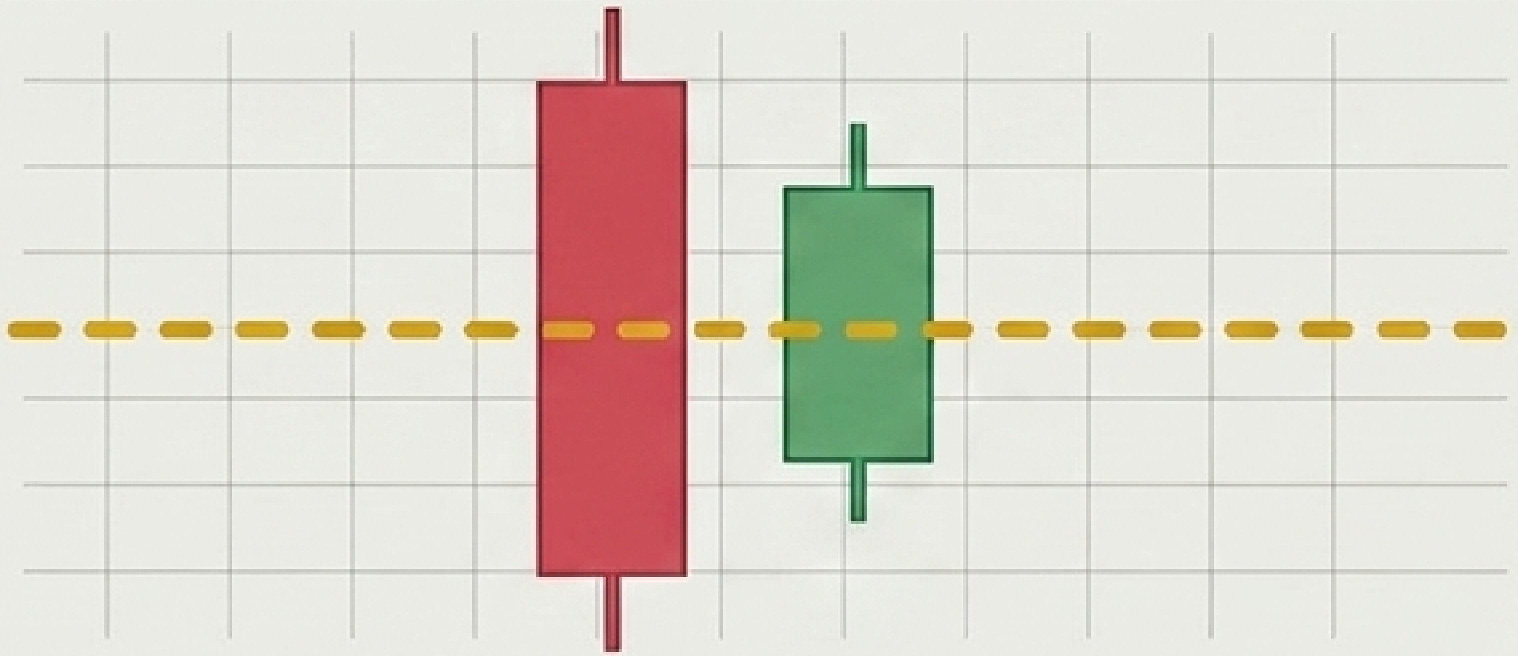
Harami (Absorption / Pause)



Mechanics: Body 2 must be entirely contained within Body 1.

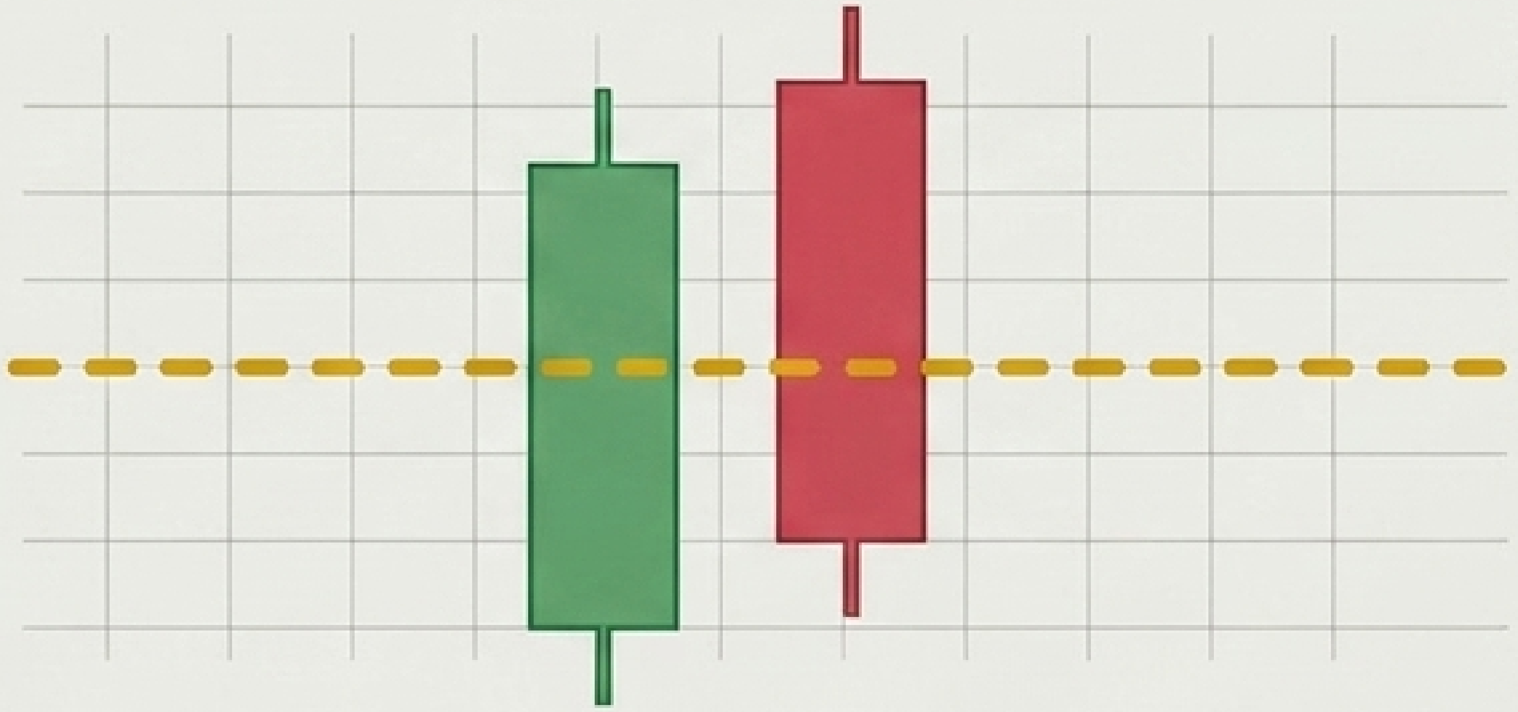
Psychology: Momentum stalls. The prior trend loses its grip, constrained within the previous day's range.

Double Patterns: The 50% Penetration Threshold



Rule: Green close MUST clear the 50% threshold of prior red body.

Psychology: Bears open strong (gap down), but Bulls aggressively retrace the losses.



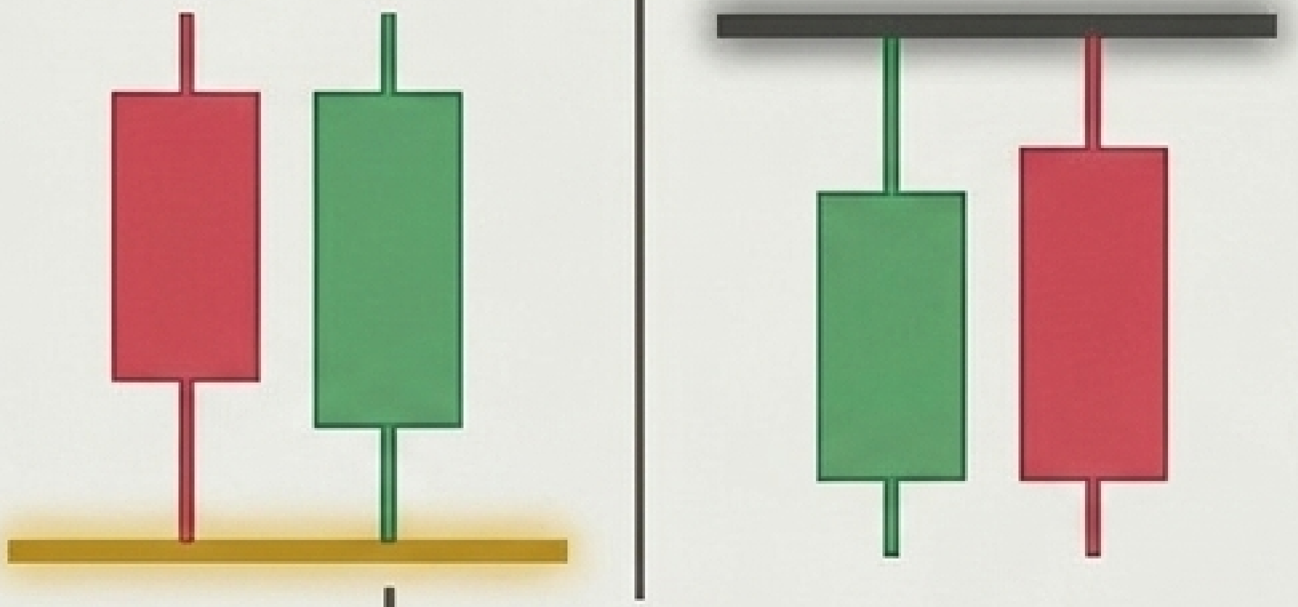
Rule: Red close MUST penetrate below 50% of prior green body.

Psychology: Bulls exhausted after gap up; Bears seize control and erase over half the gains.

DALALSTREET ANALYST: MARKET INSIGHTS

Double Patterns: Tweezer Tops & Bottoms

Tweezer Bottom | **Tweezer Top**



Identification
Matching highs or matching lows across consecutive sessions.

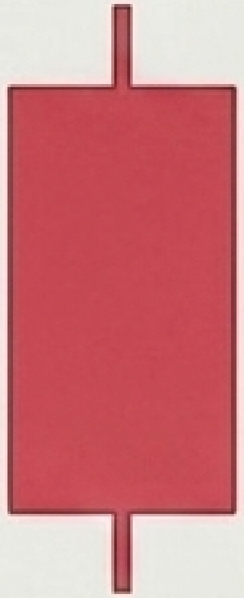
Psychology Meter
An unbreakable wall. Price tests a precise level twice and is violently rejected both times.

Execution Rule
Stop loss placement is extremely efficient—placed just ticks beyond the mutual Tweezer wicks.

DALALSTREET ANALYST: MARKET INSIGHTS

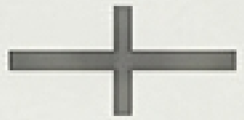
The Sentences: Star Reversals (Triple Patterns)

The Past



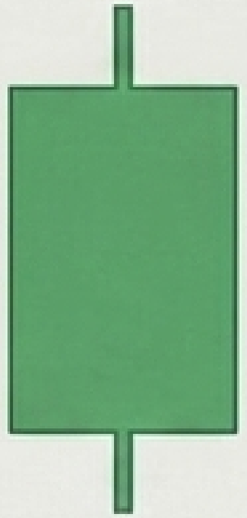
Sellers command the trend.

The Pivot

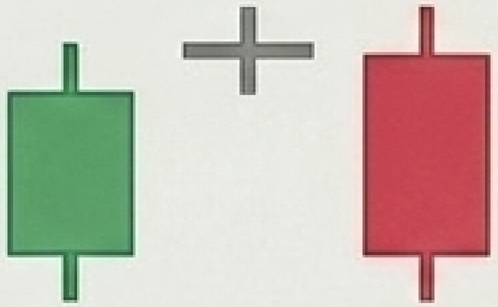


Equilibrium. Momentum halts.

The Future



Bulls initiate the new paradigm.

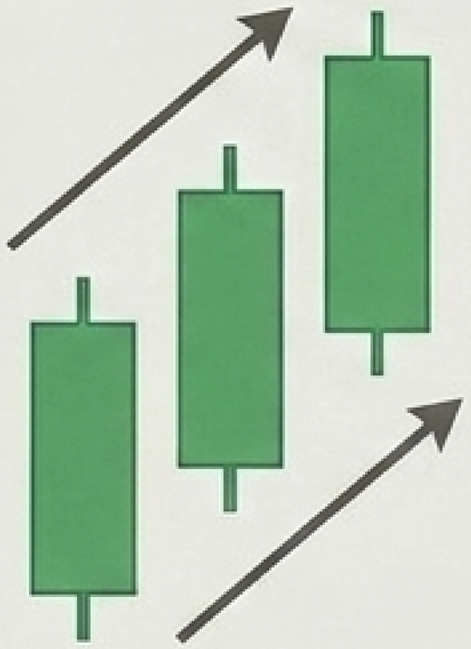


The identical architecture of a bearish top.

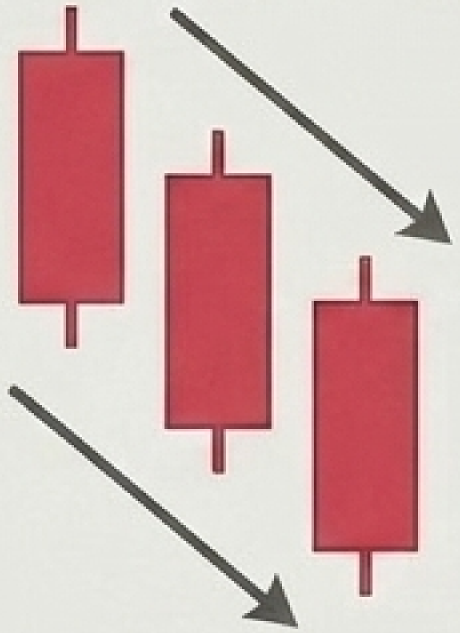
The Sentences: Institutional Momentum

The March (Soldiers & Crows)

Three White Soldiers



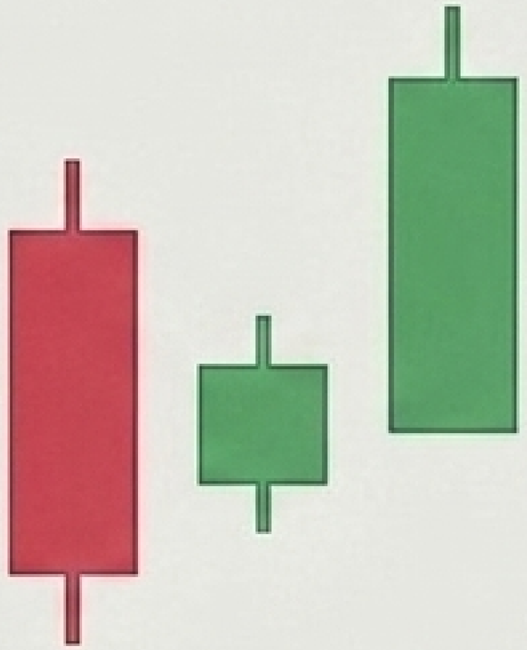
Three Black Crows



Psychology: Sustained, relentless institutional buying/selling. No extreme wicks; closing near the absolute highs/lows.

The Breakout (Inside Up & Down)

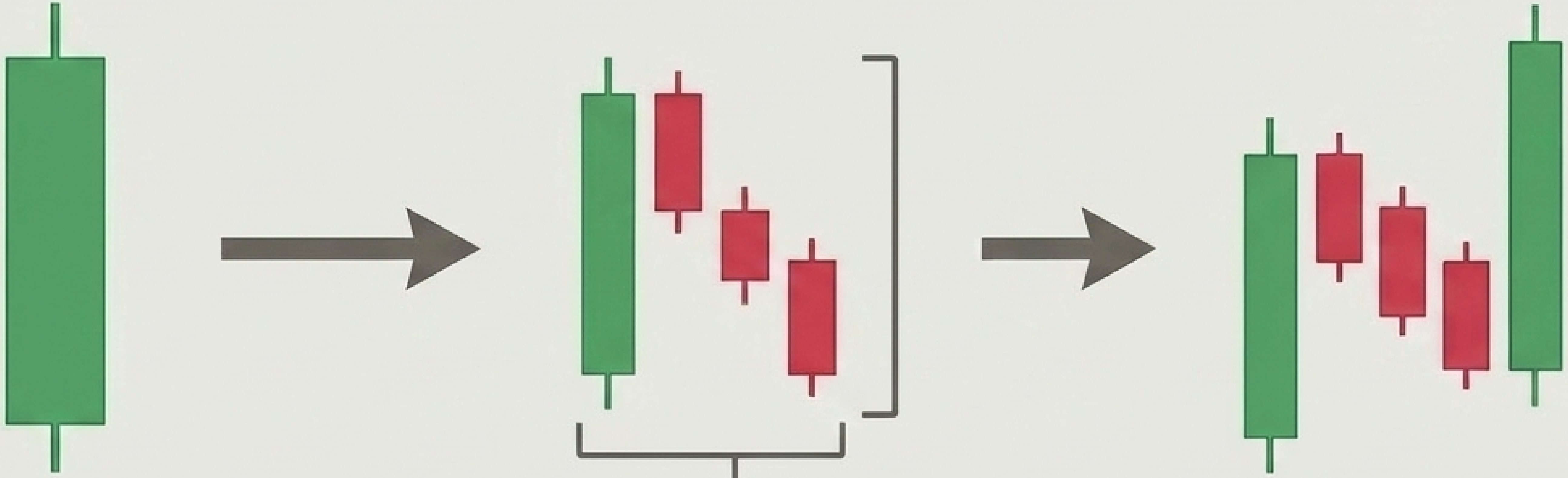
Three Inside Up



1. Base established.
2. Absorption (Inside bar).
3. The Breakout (Third candle shatters the range).

Continuation Structures: Rising & Falling Three

The Impulse | **The Breath** | **The Resumption**



A massive thrust establishes the primary trend.

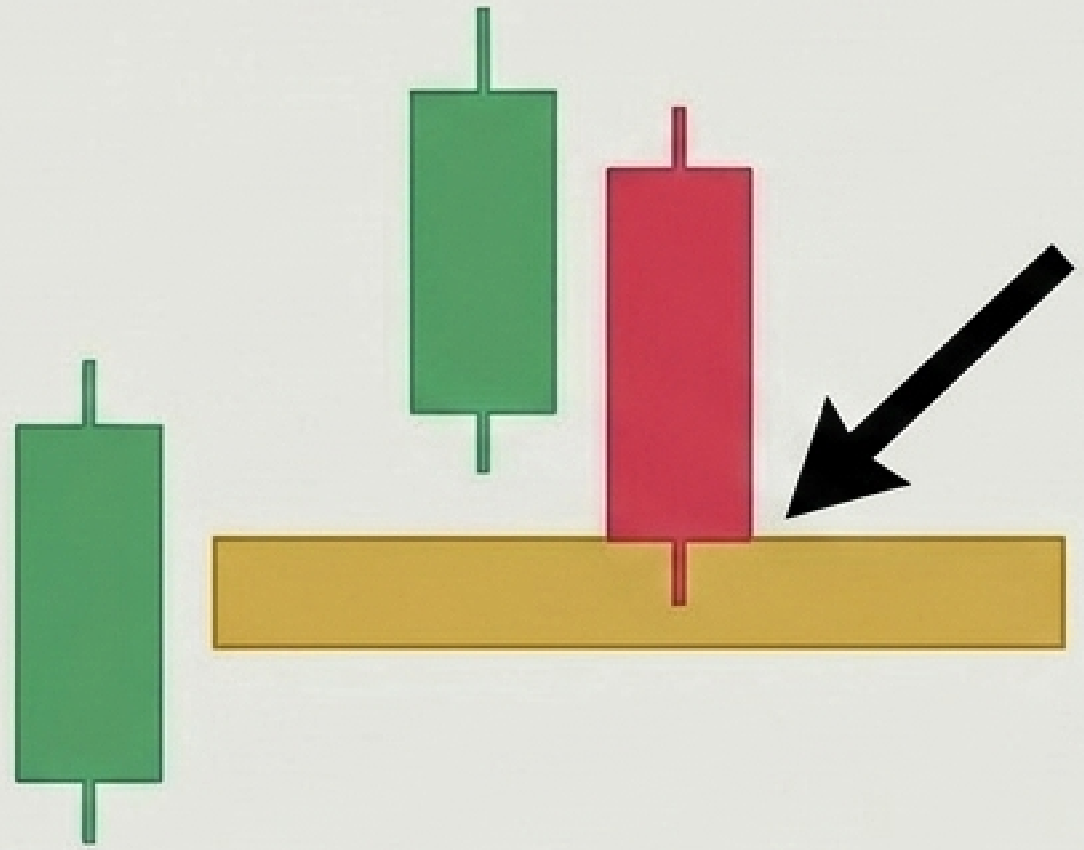
Profit taking, not a reversal.

Buyers step back in to shatter the consolidation.

Note: The Falling Three Methods features the exact inverted architecture for bearish downtrends.

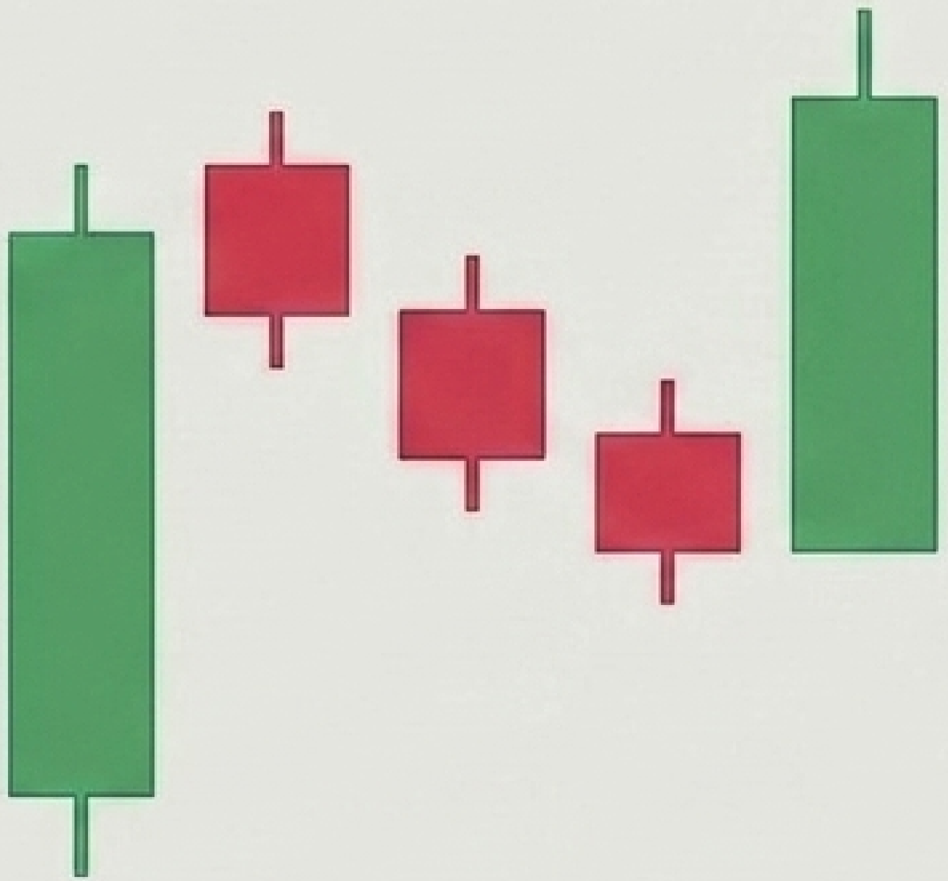
Advanced Continuation: Gaps & Holds

Tasuki Gap (Upward)



Key Insight: The gap acts as an invisible support floor.

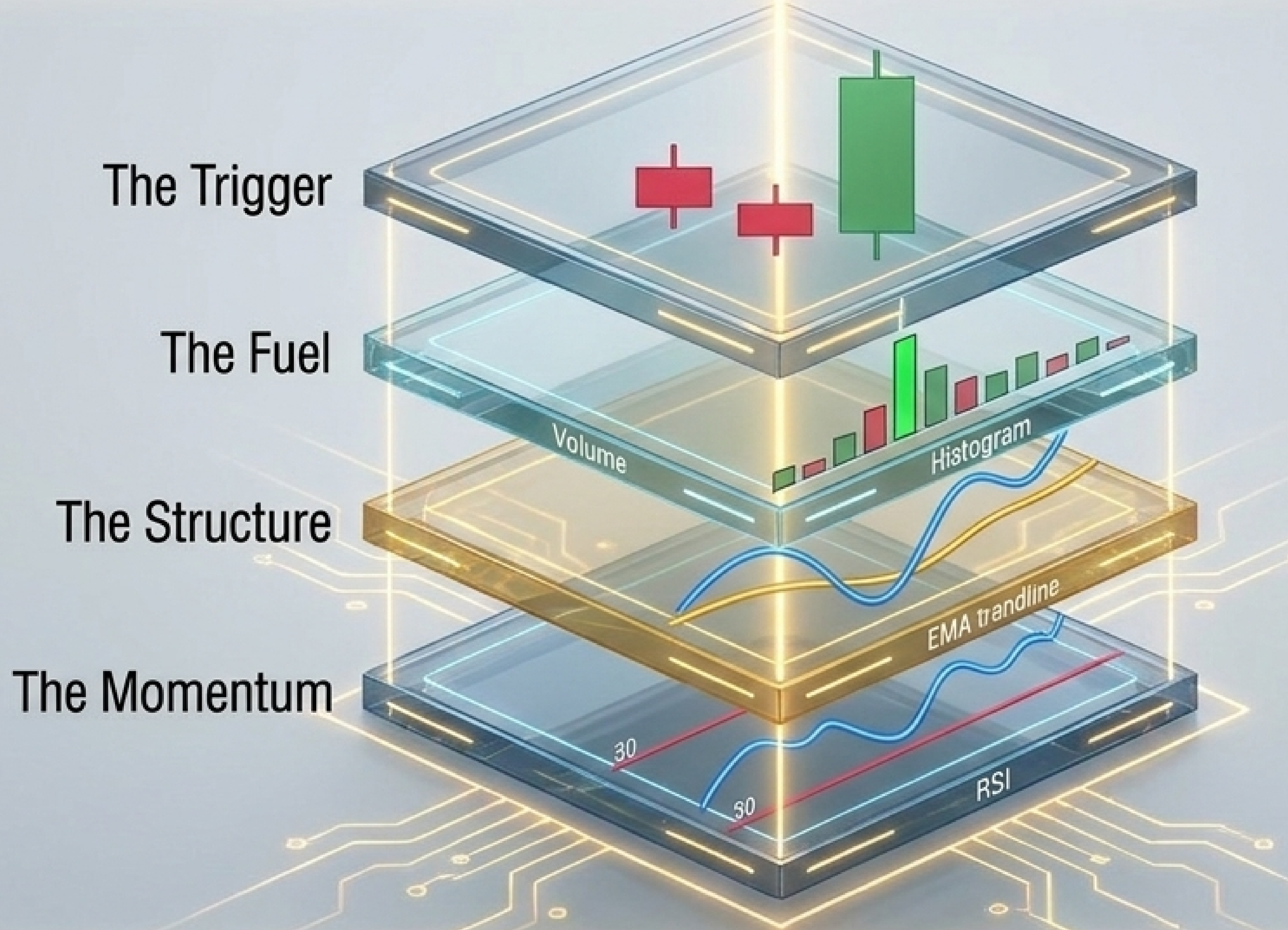
Mat Hold



Key Insight: High-conviction consolidation. Buyers refuse to let price fall back into the prior range despite multiple days of pausing.

DALALSTREET ANALYST: MARKET INSIGHTS

The Alignment Principle



A candlestick is never traded in isolation. It is the final trigger in an ecosystem of confirmations.

DALALSTREET ANALYST: MARKET INSIGHTS

Execution: Pre-Flight Entry Checklist

Gate 1: Pattern Validity

Is the candlestick perfectly formed?

Gate 2: Key Location

Is it resting on a major Support/ Resistance zone?

Gate 3: Volume & Trend

Is volume $>$ average?

Does EMA 20/50 align?

Gate 4: Oscillator Backing

Does RSI/MACD confirm direction?

Gate 5: Risk Profile

Is Risk-to-Reward strictly $\geq$ 1:2? No news pending?

ACTION TERMINAL // REQUIREMENT:
4 of 5 parameters must align for institutional execution.

Execution: Exit Mechanics & Invalidation

Profit Taking

- Price reaches predefined 1:2 Target.
- RSI enters extreme Overbought/Oversold with reversal signals.
- Volume decays significantly while price grinds higher/lower.

Invalidation (Cut Rules)

- Trailing Stop-Loss triggered.
- Opposite market structure develops (e.g., Lower Lows in an uptrend).
- Reversal candlestick appears directly near the next Support/Resistance tier.
- Time-based exit (Setup loses momentum and consolidates too long).

System Over Signals

Patterns provide the signal. Architecture provides the context. Discipline provides the edge.

Return to the Terminal. Execute the Blueprint.