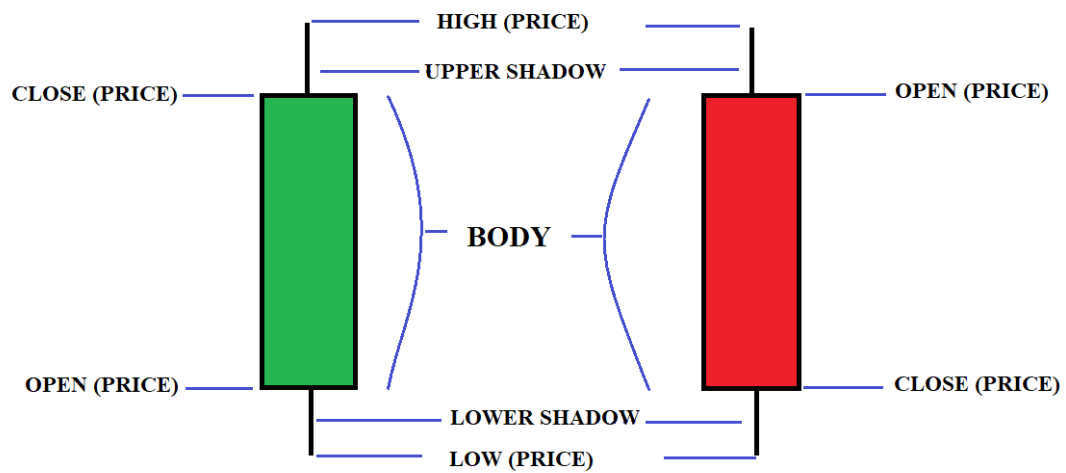# TECHNICAL ANALYSIS BY INVESTOWLEDGE

TECHNICAL ANALYSIS

Definition – **It is reading the share price through chart.**

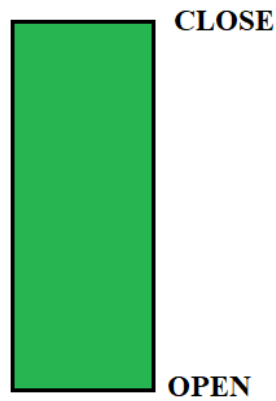# #CANDLESTICK FORMATION
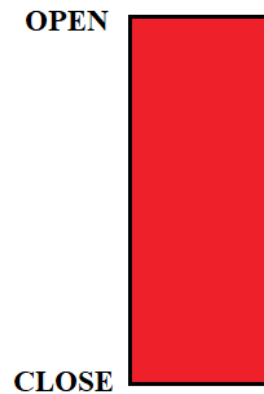
#TYPES

1.MARUBOZU CANDLE

-In MaruBozu the shadow is probably nil and it is formed when there is high volume traded.
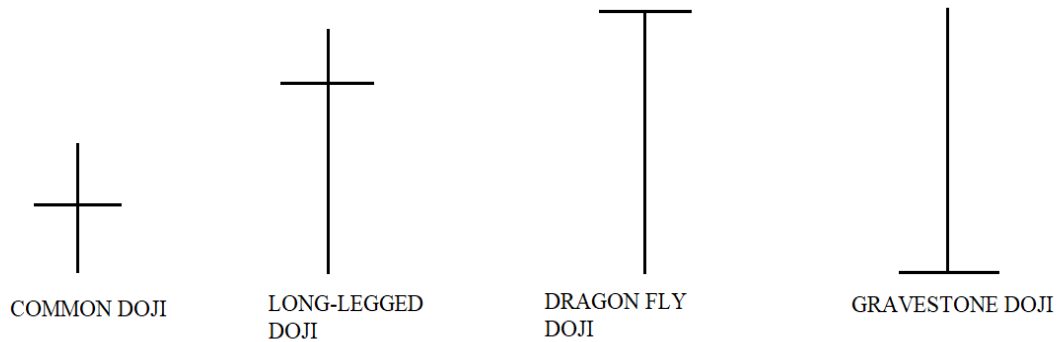
MARUBOZU

CLOSE

OPEN

OPEN

CLOSE

BULLISH MARUBOZU

BEARISH MARUBOZU

2.DOJI

-This candlestick is formed when the opening and the closing prices are virtually equal.

#DOJI
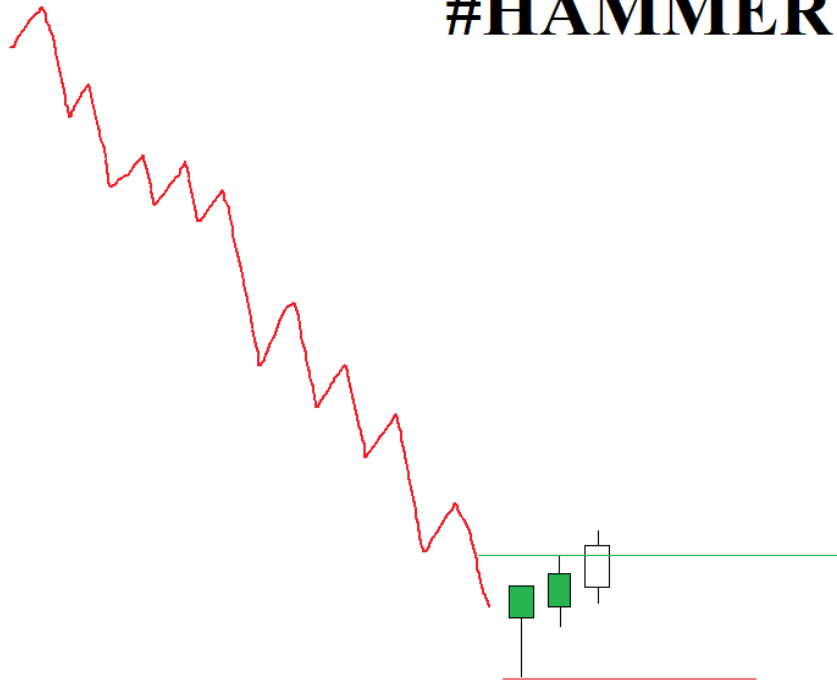
COMMON DOJI   LONG-LEGGED DOJI   DRAGON FLY DOJI   GRAVESTONE DOJI

3.PINBAR

-A pin bar consists of a small body and a larger shadow/wick which shows sharp reversal and rejection of price.

HIGH   CLOSE

OPEN

LOW

PINBAR
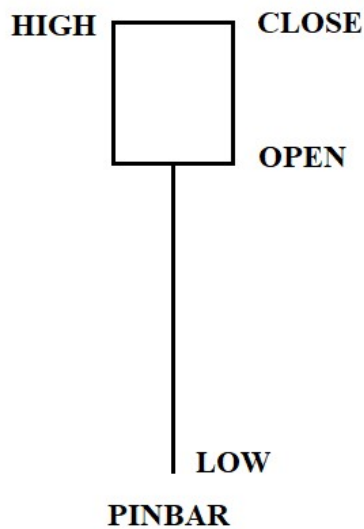
#CANDLESTICK PATTERN

#HAMMER

- ➢ **Closing goes close to opening point and it shows reversal trend/ or it changes the market trend.**
- ➢ **Hammer converts downtrend into uptrend.**
- ➢ **Hammer Body includes (20%-30%)**
       Wick includes (70%-80%)
- ➢ **Watch minimum 20 candles before hammer.(any timeframe)**
- ➢ **In these 20 candles the low of hammer should be unbreakable.(unique low)**
- ➢ **Next candle of hammer should be bullish(2nd)**
- ➢ **When next-next(3rd) candle breaks high of 2nd candle then we have to buy.**
- ➢ **Stop loss should be placed slightly lower to the hammer low.**
- ➢ **Risk to Reward ratio should be 1:1 for initial stage.**

#SHOOTING STAR

STOP LOSS

ENTRY
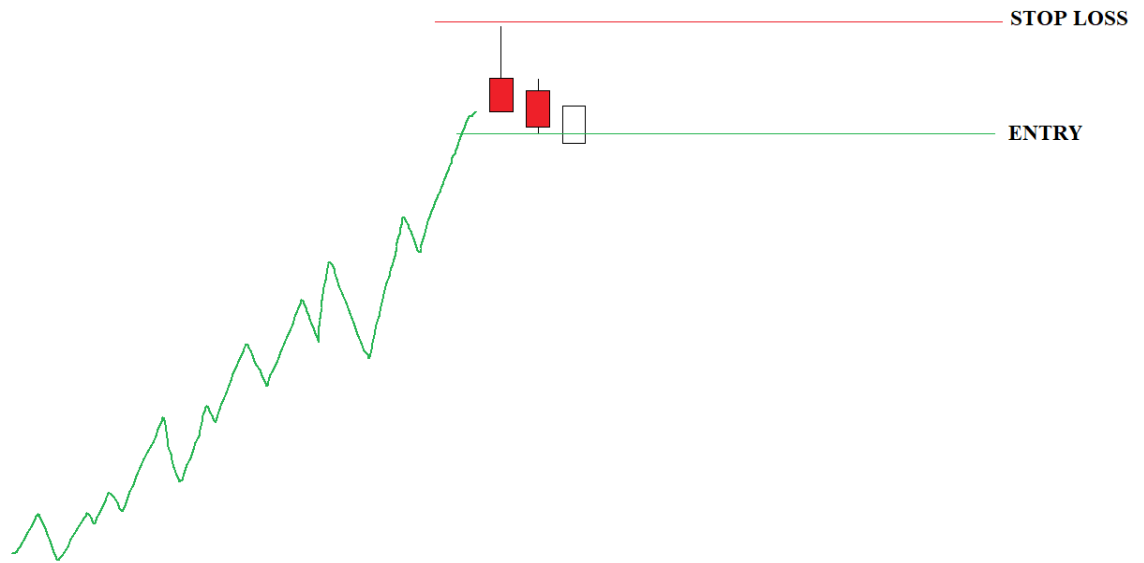
➢ **It converts uptrend into downtrend.**
➢ **Watch minimum 20 candles before shooting star.(any timeframe)**
➢ **Stop loss should be placed slightly upper to the shooting star high.**
➢ **Risk to Reward ratio should be 1:1 for initial stage.**

#MORNING STAR
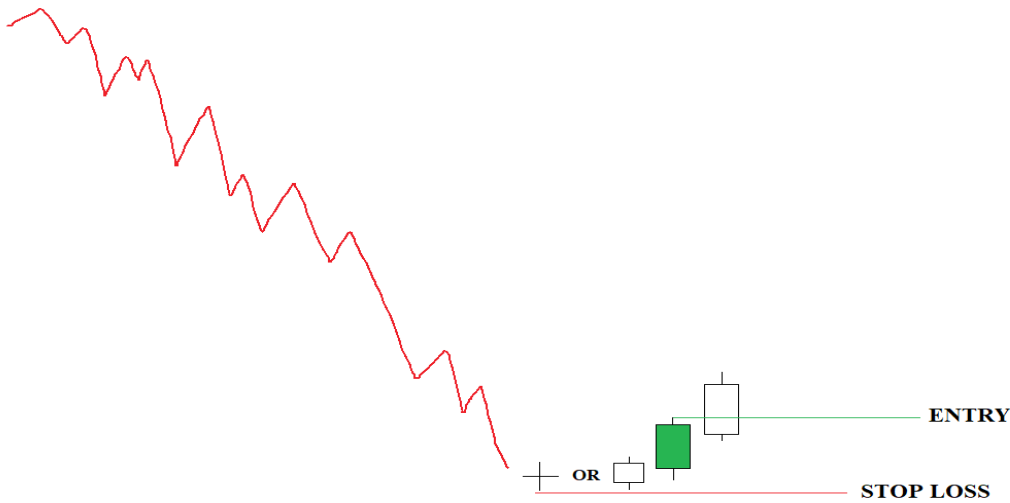
- ➢ **It converts downtrend into uptrend.**
- ➢ **Doji or Spinning bottom candle's low should be unbreakable.**
- ➢ **2nd candle should be bullish.**
- ➢ **3rd candle should break 2nd candle's high.**
- ➢ **Hourly chart (3 days) or Daily chart (1 month)**
  - ● **Buy when these conditions are fulfilled.**

#EVENING STAR
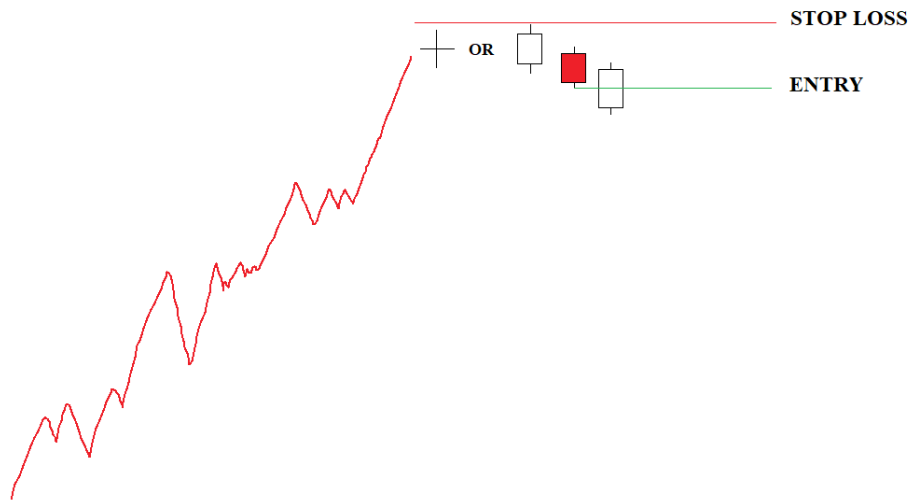
- ➤ **It converts uptrend into downtrend.**
- ➤ **Doji or Spinning Top candle's high should be unbreakable.**
- ➤ **2nd candle should be bearish.**
- ➤ **3rd should break 2nd low.**
- ➤ **Hourly chart (3 days) or Daily chart (1 month)**
  - • **Sell when these conditions are fulfilled.**
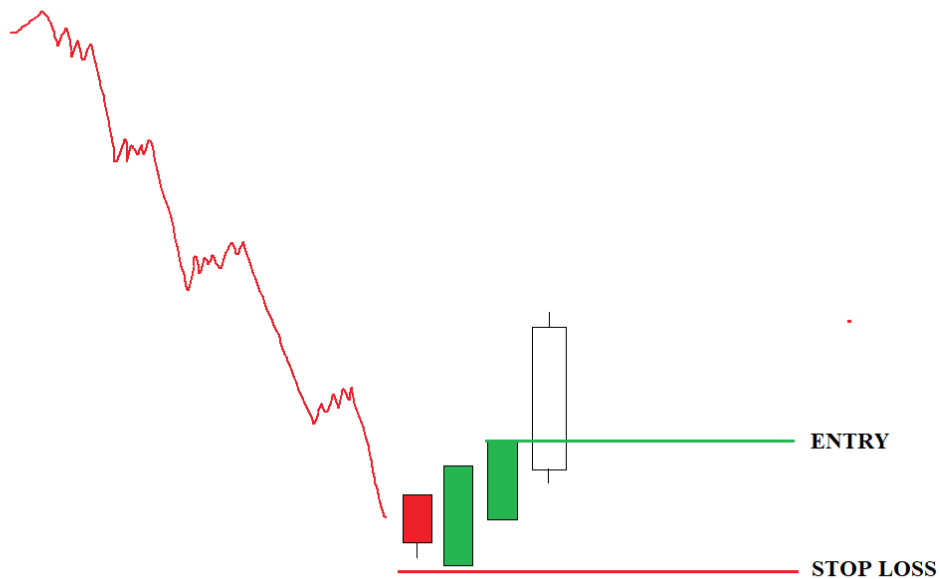
#PIERCING PATTERN
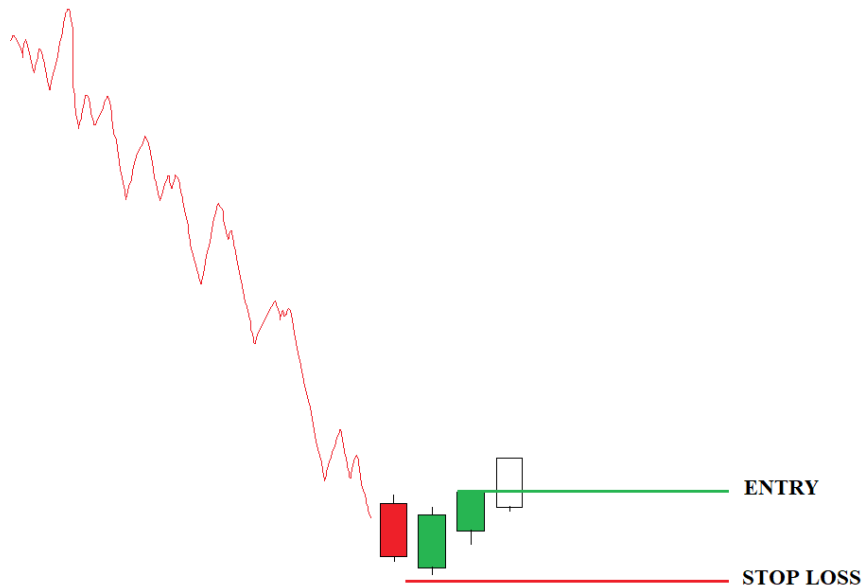
- ➤ **It converts downtrend into uptrend.**
- ➤ **1st candle should be bearish.**
- ➤ **2nd candle(bullish) will cover 1st candle upto 70%-80%.**
- ➤ **3rd should be bullish.**
- ➤ **4th should break 3rd high.**
- ➤ **Stop loss would be 2nd low.**
- ➤ **Hourly chart (3 days) or Daily chart (1 month)**
  - ● **Buy when these conditions are fulfilled.**
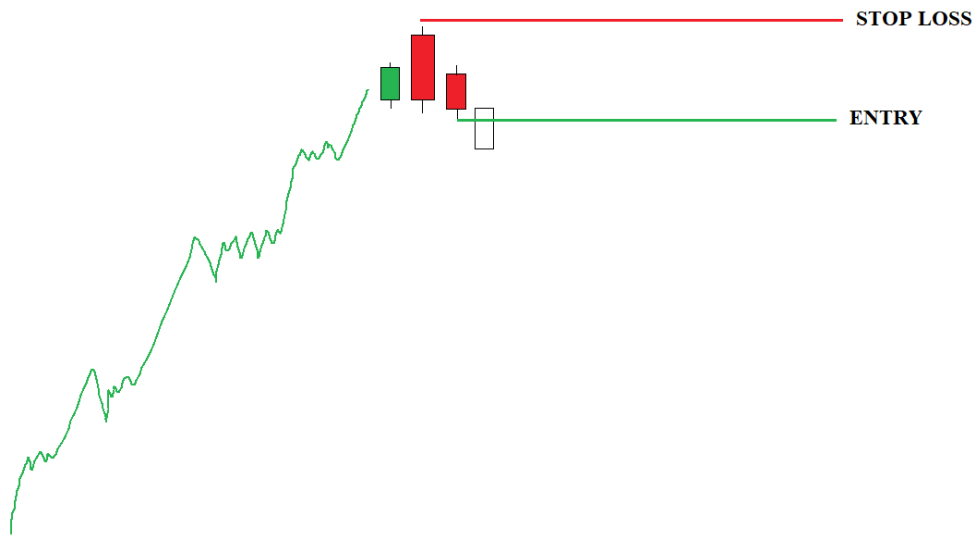
#DARK CLOUD COVER

- ➤ **It converts uptrend into downtrend.**
- ➤ **1ˢᵗ candle should be bullish.**
- ➤ **2ⁿᵈ candle(bearish) will cover 1ˢᵗ candle upto 70%-80%.**
- ➤ **3ʳᵈ should be bearish.**
- ➤ **4ᵗʰ should break 3ʳᵈ low.**
- ➤ **Stop loss would be 2ⁿᵈ high.**
- ➤ **Hourly chart (3 days) or Daily chart (1 month)**
  - • **Sell when these conditions are fulfilled.**

#BULLISH ENGULFING PATTERN

> It converts downtrend into uptrend.
> 1st candle will be bearish.
> 2nd candle should cover 100% or more than 1st candle.
> 2nd candle will be bullish.
> 3rd candle should be bullish to confirm.
> 4th or upcoming candle should break 3rd candle high.
> Hourly chart (3 days) or Daily chart (1 month)
>   • Buy when these conditions are fulfilled.

#BEARISH ENGULFING PATTERN

STOP LOSS

ENTRY

➢ **It converts uptrend into downtrend.**
➢ **1ˢᵗ candle will be bullish.**
➢ **2ⁿᵈ candle should cover 100% or more than 1ˢᵗ candle.**
➢ **2ⁿᵈ candle will be bearish.**
➢ **3ʳᵈ candle should be bearish to confirm.**
➢ **4ᵗʰ or upcoming candle should break 3ʳᵈ candle low.**
➢ **Hourly chart (3 days) or Daily chart (1 month)**
  • **Sell when these conditions are fulfilled.**

#BULLISH HARAMI PATTERN
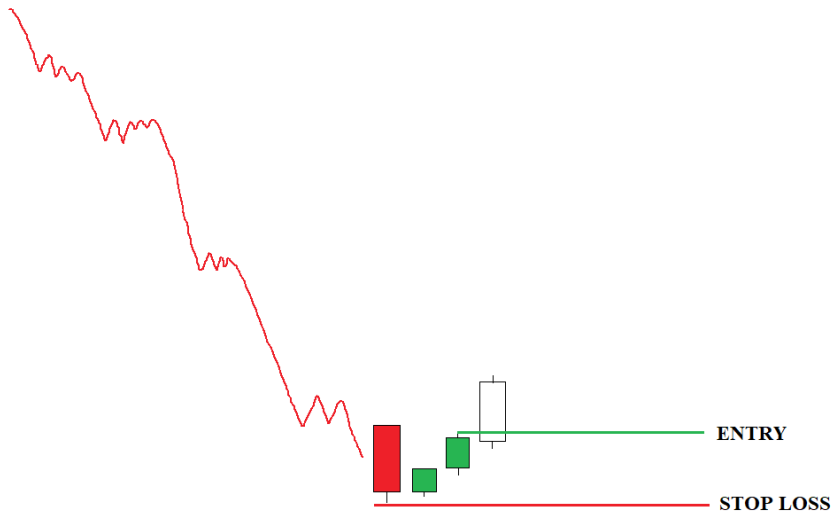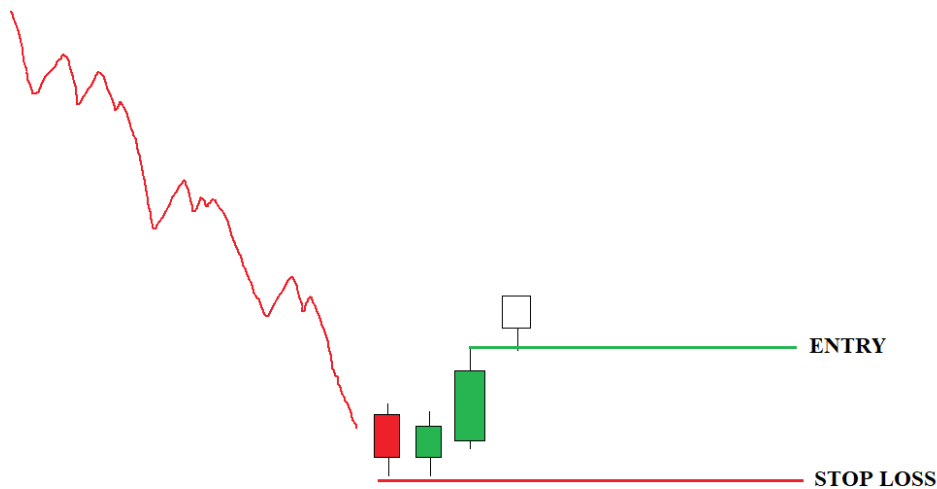

- **Converts downtrend into uptrend.**
- **1st bearish, 2nd bullish, 3rd bullish.**
- **2nd candle can be below of upto 50% of the 1st candle(bearish).**
- **4th breaks or upcoming candle breaks high of 3rd candle then buy.**
- **1st low will be stop loss.**
- **Hourly chart (3 days) or Daily chart (1 month)**
  - **Buy when these conditions are fulfilled.**

#BEARISH HARAMI PATTERN

STOP LOSS

ENTRY

- ➢ **Converts uptrend into downtrend.**
- ➢ **1ˢᵗ bullish, 2ⁿᵈ bearish, 3ʳᵈ bearish.**
- ➢ **2ⁿᵈ candle body should cover 1ˢᵗ less than or equal to 50%.**
- ➢ **4ᵗʰ breaks or upcoming candle breaks low of 3ʳᵈ candle then sell.**
- ➢ **1ˢᵗ high will be stop loss.**
- ➢ **Hourly chart (3 days) or Daily chart (1 month)**
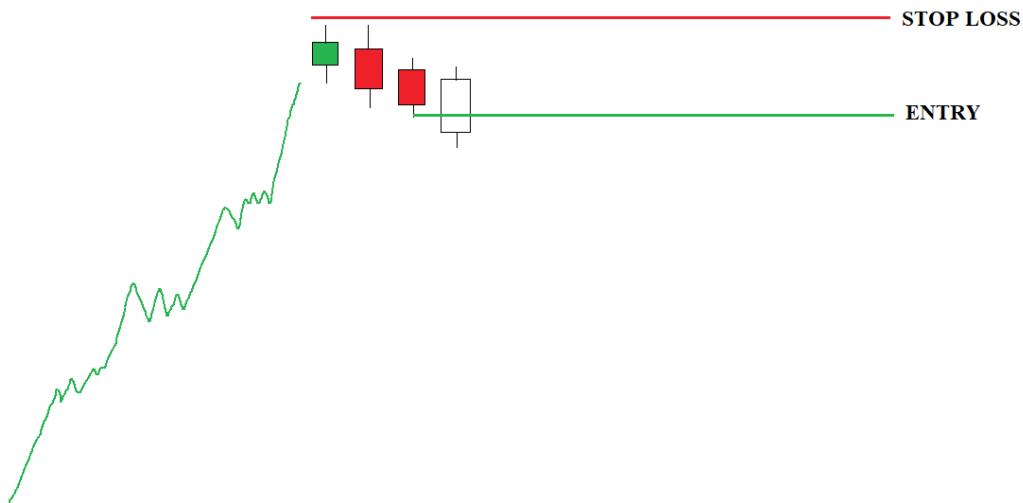 - • **Sell when these conditions are fulfilled.**

#TWEEZER BOTTOM PATTERN

- ➢ **Converts downtrend into uptrend.**
- ➢ **1st candle should be bearish.**
- ➢ **2nd should be bullish.**
- ➢ **1st and 2nd low should be equal.**
- ➢ **3rd candle should be bullish for confirmation.**
- ➢ **4th should break 3rd high.**
- ➢ **Hourly chart (3 days) or Daily chart (1 month)**
    - ● **Buy when these conditions are fulfilled.**
    - ❖ **1st candle can be doji, marubozu any kind of and 2nd candle can be doji, spinning bottom,top any kind of.**

#TWEEZER TOP PATTERN

- **Converts uptrend into downtrend.**
- **1st candle should be bullish.**
- **2nd should be bearish.**
- **1st and 2nd high should be equal.**
- **3rd candle should be bearish for confirmation.**
- **4th should break 3rd low.**
- **Hourly chart (3 days) or Daily chart (1 month)**
  - **Sell when these conditions are fulfilled.**
  - ❖ **1st candle can be doji, marubozu any kind of and 2nd candle can be doji, spinning bottom,top any kind of.**

"THE END"