

Abandoned Baby

Reversal



A rare reversal pattern characterized by a gap followed by a Doji, which is then followed by another gap in the opposite direction.

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The shadows on the Doji must completely gap below or above the shadows of the first and third day.

Dark Cloud Cover

Reversal



A bearish reversal pattern that continues the uptrend with a long white body.

The next day opens at a new high then *closes below the midpoint of the body of the first day.*

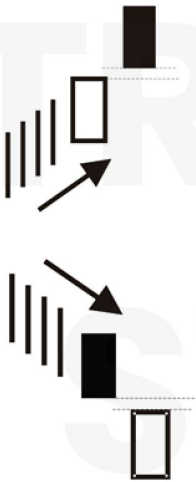
The white candle should be better than average size.

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Good reversal pattern, particularly at support.

Counter Attack

Reversal



Bearish or bullish reversal pattern.

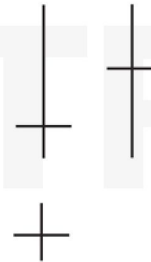
- **Bearish:** In an upswing occurs when a black candle comes against a long day bullish candle but fails push into the former day's price range.
- **Bullish:** In a down swing occurs when a white candle comes against a long day bearish candle but fails to push into the former day's price range.

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This is a strong reversal signal, particularly when occurring at a support or resistance.

Doji

Reversal



Doji form when a security's open and close are virtually equal. The length of the upper and lower shadows can vary, and the resulting candlestick looks like, either, a cross, inverted cross, or plus sign.

Doji convey a sense of indecision or tug-of-war between buyers and sellers.

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All Doji candles are fairly strong as an early reversal signal. Normally appear at pivot points.

Dragonfly Doji

Reversal

A Doji where the open and close price are at the high of the day.

Like other Doji days, this one normally appears at pivot points.



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Notes

Engulfing Pattern

Reversal

Bearish or bullish, depending on whether it appears at the end of an uptrend or a downtrend.

- **Bearish engulfing pattern:** In an upswing occurs when a large black candle “engulfs” the former day’s white candle. Leads to a reversal 79% of the time
- **Bullish engulfing pattern:** In a down swing occurs when a large white candle “engulfs” the former day’s dark candle. Leads to a reversal 63% of the time.

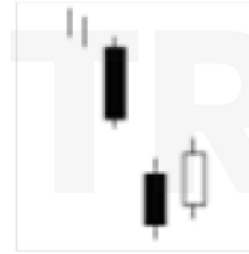
The entire former day’s candle must be engulfed for the pattern to be true.

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This is a very strong reversal signal, particularly when occurring at a support or resistance.

Downside Tasuki Gap

Continuation



A continuation pattern with a long, black body followed by another black body that has gapped below the first one.

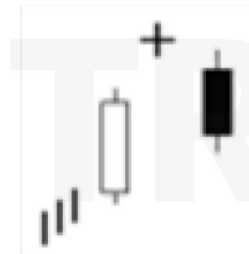
The third day is white and opens within the body of the second day, then closes in the gap between the first two days, but does not close the gap.

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Notes

Evening Doji Star

Reversal



A three day bearish reversal pattern similar to the Evening Star.

The uptrend continues with a large white body. The next day opens higher, trades in a small range, then closes at its open (Doji).

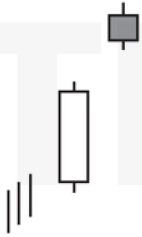
The next day closes below the midpoint of the body of the first day.

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Notes

Evening Star

Reversal



A bearish reversal pattern that continues an uptrend with a long white body day followed by a gapped up small body day, then a down close with *the close below the midpoint of the body of the first day.*

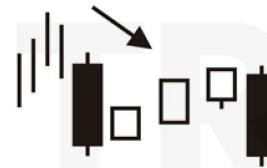
Small body candle can be bullish or bearish

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This is a very strong bearish reversal pattern.

Falling Three Methods

Continuation



A long black body is followed by three small body days, each fully contained within the range of the high and low of the first day. The fifth day closes at a new low.

If the candles have wicks you still want the 3 small bodies to be within the big candle bodies.

First and last candle do not necessarily have to be even.

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A very strong bearish continuation pattern

Gravestone Doji

Reversal



A doji line that develops when the Doji is at, or very near, the low of the day

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Notes

Hammer

Reversal



Hammer candlesticks form when a security moves significantly lower after the open, but rallies to close well above the intraday low. Forms during a decline. Reveals a strong change in sentiment.

- Small body (spinning top), long lower shadow that is at least 2x the size of the body with little or no upper shadow.

- *May be black or white*

- *Precedes a bullish reversal*

If you find a hammer that is bearish wait until the trend closes below the hammer tail before jumping in.

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A very strong bullish reversal signal. Reliability of the trend changing is increased slightly when the wick of the candle is 3 times the size of the body.

Hanging Man

Reversal



Hanging Man candlesticks form when a security moves significantly lower after the open, but rallies to close well above the intraday low. Hanging man occurs at the top of an upswing. Reveals a change in sentiment. Can precede a bearish reversal.

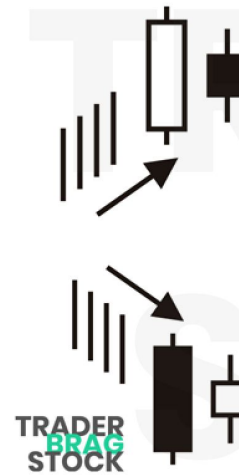
- Small body (spinning top), long lower shadow 2-3x the size of the body with little or no upper shadow
- *May be black or white*
- *Wait for more confirmation before turning bearish with this signal*
- *The reliability of this signal is drastically improved when the price of the stock decreases the day after the hanging man.*

A fairly weak reversal signal. Reliability of the trend changing is increased slightly when the wick of the candle is 3 times the size of the body.

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Harami

Reversal



Harami indicate the trend has lost steam (verify with other indicators.) Very often the trend changes to a sideways move rather than a reversal with this pattern. The "inside" candle reveals a loss of momentum from the preceding swing.

Bearish Harami

- In an **upswing** a good sized white candle is followed by a black spinning top totally within the previous day

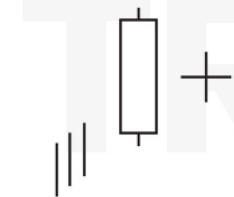
Bullish Harami

- In an **downswing** a good sized black candle is followed by a white spinning top totally within the previous day

Notes

Harami Cross

Reversal



A two day pattern slightly stronger than a Harami.

The difference is that the last day is a Doji.

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Notes

High Wave

Reversal



A spinning top with an extra long upper and lower shadow. Shows confusion in the market. Indicates extreme buying pressure mixed with extreme selling pressure.

Generic spinning top or high wave top candles can occur in either up or down swings

Mean the most during a trend, at a pivot point

Mean very little during a market rest (such as a flag or pennant pattern)

If seen at a pivot point, caution is needed as a reversal could be very close

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Notes

Inverted Hammer

Reversal



A one day bullish reversal pattern.

In a downtrend, the open is lower, then it trades higher, but closes near its open, therefore looking like an inverted lollipop

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Notes

Long Day Candle

Continuation



A long day represents a large price move from open to close, where the length of the candle body is long.

Long day white candles act as continuation 58% of the time.

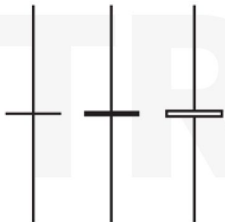
Long day black candles act as continuation 53% of the time.

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Long days are abnormally long in reference to other candles in the CURRENT chart.

Long Legged Doji

Reversal



This candlestick has long upper and lower shadows with the Doji in the middle of the day's trading range, clearly reflecting the indecision of traders.

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Notes

Long Shadows

Continuation



Candlesticks with a long **upper** shadow and short lower shadow indicate that buyers dominated during the first part of the session, bidding prices higher.

Candlesticks with long **lower** shadows and short upper shadows indicate that sellers dominated during the first part of the session, driving prices lower.

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Notes

Marubozu

Continuation



A candlestick with no shadow extending from the body at either the open, the close or at both.

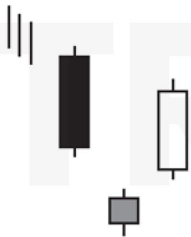
The name means close-cropped or close-cut in Japanese, though other interpretations refer to it as Bald or Shaven Head

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Notes

Morning Star

Reversal



A three day bullish reversal pattern consisting of three candlesticks at or near a support level.

- Day 1 - above average long-bodied black candle extending the current downtrend.
- Day 2- Small gap down with a spinning top.
- Day 3 - A good size long bodied white candle that gapped up on the open and closed above the midpoint of the body of the first day.

Bullish reversal 78% of the time.

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Notes

Morning Star Doji



A three day bullish reversal pattern that is very similar to the Morning Star.

Day 1 - Above average long-bodied black candle extending the current downtrend.

Day 2 - Opens lower with a Doji that has a small trading range.

Day 3 - A good size long bodied white candle that gapped up on the open and closed above the midpoint of the body of the first day.

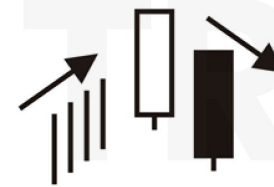
Bullish reversal 78% of the time

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A morning star doji does not necessarily gap below the shadows of the other candles, just the body.

One Black Crow

Reversal



In an upswing, a large white candle appears.

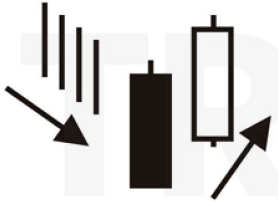
The following day a black candle appears which opens lower than the first day's close, and closes lower than the first day's open.

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***This is a very strong bearish reversal.
Watch for it to appear at a resistance.***

One White Soldier

Reversal



In a **downswing**, a large black candle appears.

The following day a white candle appears which opens higher than the first day's close, and closes higher than the first day's open.

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*This is a very strong bullish reversal.
Watch for it to appear at a support.*

Piercing Line

Reversal



A bullish two day reversal pattern, particularly when it is at support.

Day 1 - In a downtrend, is a long black day.

Day 2 - opens at a new low, then closes above the midpoint of the body of the first day.

- *Piercing pattern candles that appear within a third of the yearly low perform best.*
- *Select tall candles for the best performance*
- **Avoid** trading piercing patterns when the primary trend is downward.

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Notes

Title

Continuation



A very specific Rest After Battle.

A bullish continuation pattern

A long white body is followed by three small body days, each fully contained within the range of the high and low of the first day.

The fifth day closes at a new high.

If the candles have wicks you still want the 3 small bodies to be within the big candle bodies.

First and last candle do not necessarily have to be even.

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A very strong bullish continuation pattern

Rest After Battle

Continuation



This is a bullish continuation pattern.

Occurs in an **upswing**.

A large white candle occurs followed by two or more small candles which trade basically sideways. Finally a large white candle appears to complete the pattern.

If the candles have wicks you still want the 2 small bodies to be within the big candle bodies.

First and last candle do not necessarily have to be even.

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Notes

Shooting Star

Reversal



A single day pattern that can appear in an uptrend.

It opens higher, trades much higher, then closes near its open. It looks just like the Inverted Hammer except that it is bearish.

- *Small body (spinning top), long upper shadow, 2-3x the size of the body with little or no lower shadow*
- *May be black or white*
- *Reveals a change in sentiment*
- *Precedes a bearish reversal*

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A very strong bearish reversal signal. Why? Is the upper shadow bullish or bearish?

Short Day

Reversal



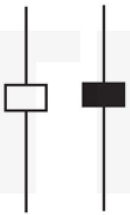
A short day represents a small price move from open to close, where the length of the candle body is short.

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Notes

Spinning Top

Reversal



Candlesticks that have small bodies with upper and lower shadows that exceed the length of the body.

Spinning tops signal indecision of traders.

Often the first candle of a reversal. An early indication of a shift in trading sentiment and a potential change in direction.

Generic spinning top or high wave candles can occur in either up or down swings

Mean the most during a trend, at a pivot point

Mean very little during a market rest (such as a flag or pennant pattern)

If seen at a pivot point, caution is needed as a reversal could be very close

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Notes

Stars

Reversal



A candlestick that gaps away from the previous candlestick is said to be in star position.

Depending on the previous candlestick, the star position candlestick gaps up or down and appears isolated from previous price action.

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Notes

Stick Sandwich

Reversal



A bullish reversal pattern with two black bodies surrounding a white body.

The closing prices of the two black bodies must be equal. A support price is apparent and the opportunity for prices to reverse is quite good.

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Note: Acts as a bearish continuation 62% of the time.

Three Black Crows

Reversal



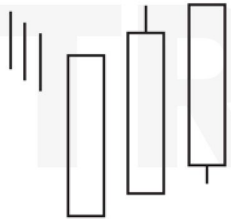
A bearish reversal pattern consisting of three or more consecutive long black bodies where each day opens within the body of the previous day and closes at or near its low or lower.

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Leads to a reversal 78 % of the time.

Three White Solders

Reversal



A bullish reversal pattern consisting of three consecutive or more long white bodies moving up after a downtrend.

Each should open within the previous body and the close should be near the high of the day.

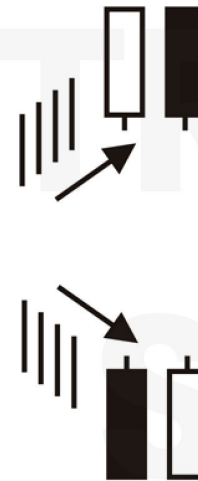
Leads to a reversal 82 % of the time.

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Strong Bullish Reversal Indicator.

Tweezers

Reversal



Consists of two or more candle lines with matching highs or lows.

Candles must alternate appropriately.

Rare pattern.

- Tweezer top alternates white to black
- Tweezer bottom alternates black to white

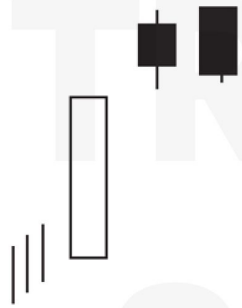
Very often turns into a reversal and changes the swing direction

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*Tweezer bottoms act as bearish continuation 52% of the time.
Tweezer tops act as bullish continuation 56% of the time.*

Upside Gap Two Crows

Reversal



A three day bearish pattern that only happens in an uptrend.

Day 1 - A long white body

Day 2 - A gapped open with the small black body remaining gapped above the first day.

Day 3 - is also a black day whose body is larger than the second day and engulfs it. The close of the last day is still above the first long white day.

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Notes

Upside Tasuki Gap

Continuation



A continuation pattern with a long white body followed by another white body that has gapped above the first one.

The third day is black and opens within the body of the second day, then closes in the gap between the first two days, but does not close the gap.

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Bullish continuation 57% of the time

Long Wick Candlesticks



These have a short body at the top or bottom of the candle with a long wick extending above or underneath.

A long tail on the bottom of a candlestick tells us that the market made a significant fall then quickly rose from this price level. **This is a bullish signal.**

This pattern clearly demonstrates that prices opened and auctioned much lower before rising to close near where they opened. The market thus "rejected" these lower prices.

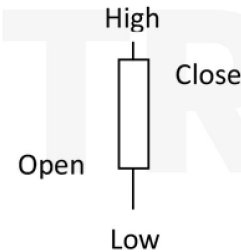
A long tail on the top of a candlestick tells us that the market made a significant rise then quickly retreated from this price level. **This is a bearish signal.**

Candles with long wicks above the body show that a significant number of buyers lost money as prices closed lower.

This pattern clearly demonstrates that prices opened and auctioned much higher before falling to close near where they opened. The market thus "rejected" these higher prices.

Notes

Bullish Candles



Candles are *bullish* when the close is higher than the open. Bullish candles can have long, short or no wicks. Bullish candles are normally green or white.

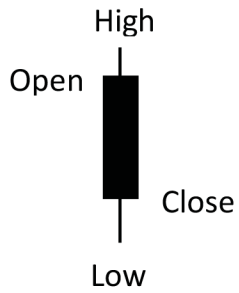
When a market rallies strongly and leads to a long candle, the wicks are short if the market closes near the high of the day. In this scenario, the "long body" shows that most buyers within the period profited by the end of the period.

When a body is longer than its wick, it tells us most prices were accepted as fair and led to a continuation of the trend.

But when a wick is longer than its body, it shows that the market reversed at some point to close closer to the open, thus forming a shorter body. Candles with long wicks below the body show that a significant number of buyers profited as prices closed higher.

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Notes



Candles are *bearish* when the open is higher than the close. Bearish candles can have long, short or no wicks. Bearish candles are normally red or black.

When a market rallies strongly and leads to a long candle, the wicks are short if the market closes near the low of the day. In this scenario, the “long body” shows that most buyers within the period lost money by the end of the period.

When a body is longer than its wick, most prices were accepted as fair and led to a continuation of the trend.

But when a wick is longer than its body, it shows that the market reversed at some point to close closer to the open, thus forming a shorter body. Candles with long wicks above the body show that a significant number of buyers lost money as prices closed lower.

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Notes

- Do not try to predict the trend reversal with candlesticks.
 - When the trend reverses and you see the candle pattern then get in.
- If the stock is going almost straight up and you are at an all time high wait for a close.
- When you see a strong bearish reversal pattern those become strong resistance
- The open of a strong bearish candle can show a resistance.
- When you get abnormally large candles it is likely showing you the way trend is going.

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Notes

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