

# WHAT IS A CANDLESTICK PATTERN?

---

There are several types of charts that traders will use to find trading opportunities.

Most commonly these are:

- Line charts
- OHLC charts
- Candlestick charts
- Renko charts
- Point and Figure charts
- Etc.

There are plenty of different types to help analyze the markets, but you are here to learn about the candlestick patterns – so let's focus on that.

The candlestick pattern is favored due to its simplicity and ease of analysis at a

glance. You can easily identify whether it was a Buy candle or a Sell candle.

You can easily identify its highs and lows during the session.

You can easily tell the strength of the markets through the candlestick too.

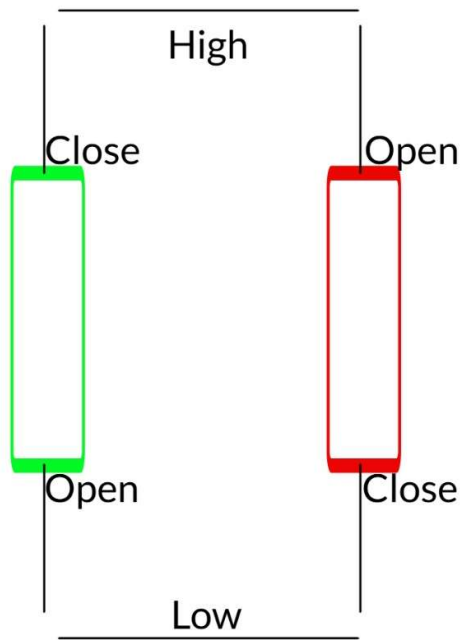
The above also gives you different patterns and shapes that give a leading indicator of where the market may go.

Compared to the line charts which just plot the close price after each session.

Using candlesticks compared to line charts is like exploring a full-color photograph versus looking at a sketch. The photograph captures vibrant details and textures, making everything come alive, while the sketch outlines the basic structure without much depth.

So that is why we look at candlesticks.

So let's look at the structure in more detail:



Here are the key points:

**Open** – This is at the point where the session opened. On a bullish candle, the open is at the bottom of the body. On a bearish candle, the open is at the top of the body.

**Close** – This is at the point where the session closed. On a bullish candle, the close is at the top of the body. On a bearish candle, the close is at the bottom of the body.

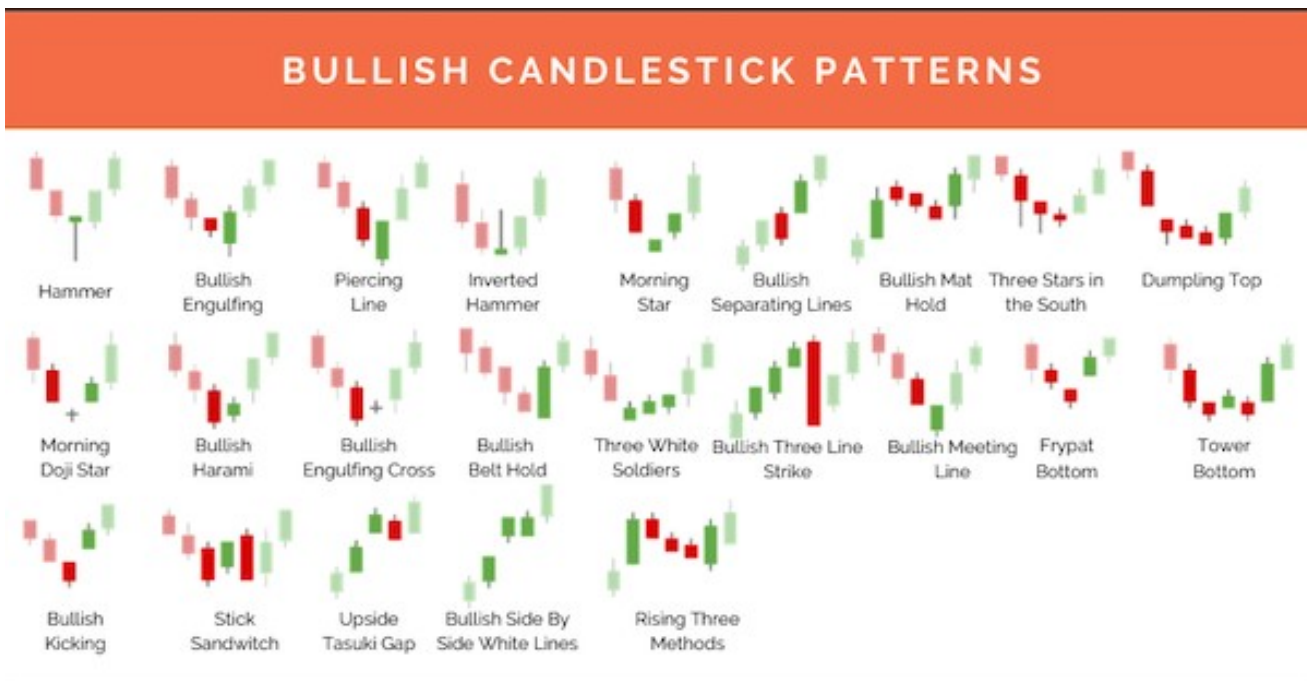
**High** – This is the market reached it's the highest price during the trading session. This gives you an idea of how high the market moved in one trading period.

**Low** – This is the market reached it's the lowest price during the trading session. This gives you an idea of how low the market moved in one trading period.

# BULLISH CANDLESTICK PATTERNS

Below we have the candlestick patterns that may signal a bullish move in the markets.

These are really-effective to know because when these patterns are showing themselves, you can quickly adjust your trading ideas to either continue or reverse your trading bias.



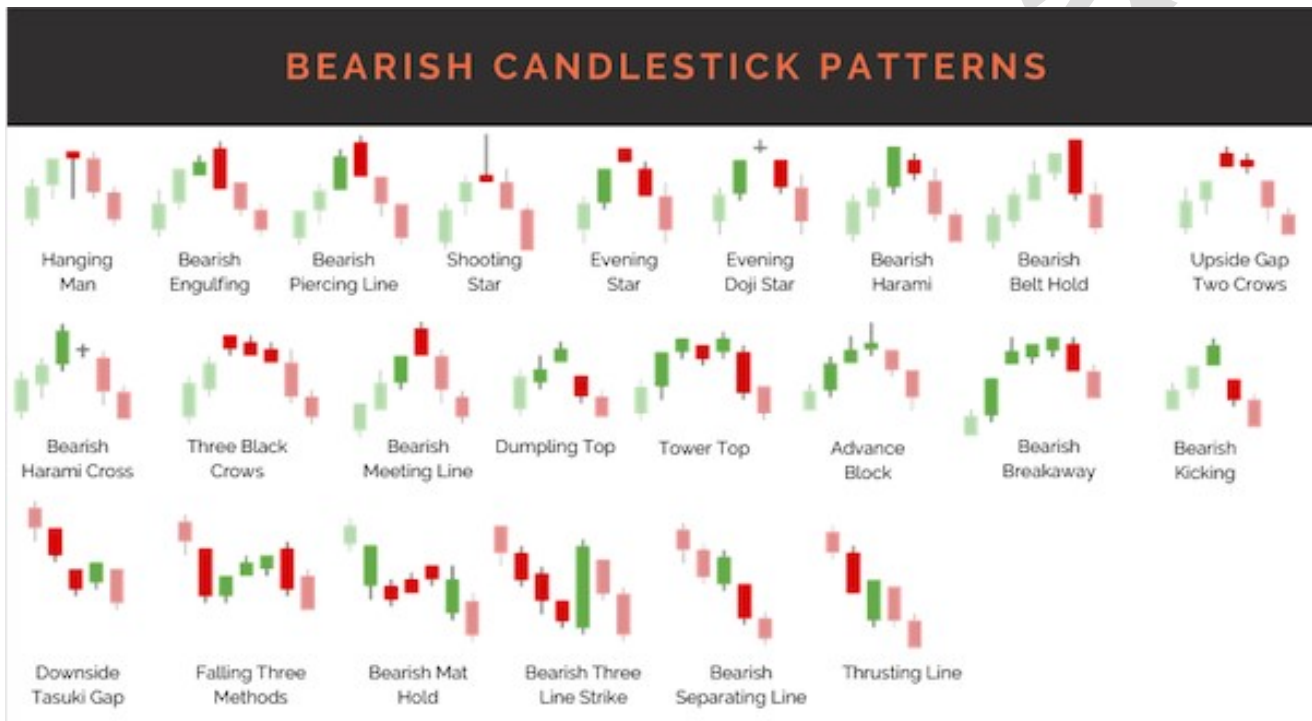
These are great examples of bullish candlesticks that you can reference to now and then to familiarize yourself with the patterns.

# BEARISH CANDLESTICK PATTERNS

Trading means you don't have a preference whether the market goes up or down.

As traders, we should always be looking for new opportunities.

That's why these bearish candlestick patterns can help you identify bearish momentum, quickly and effectively.



Follow these patterns and gain experience with them.

Once mastered, each day will present a new trading opportunity.

And now you are armed with the patterns that can help identify bullish and bearish movements.

# REVERSAL CANDLESTICK PATTERNS

---

We've grouped the bullish and bearish price action patterns here to identify the ones that are reversal indicators.

This is a good idea to learn it like this as well because you can see that these patterns show you a potential entry and/or exit from a trade.

Allowing you to lock in the profits, or enter on the other side.



REVERSAL CANDLESTICK PATTERNS	
Hammer	Advance block
Hanging man	Dumping top
Bullish/Bearish engulfing	Bearish breakaway
Piercing Line	Bullish/Bearish belt hold
Dark cloud	Upside gap two crows
Inverted hammer	Three white soldiers
Shooting star	Three black crows
Bullish/Bearish kicking	Bullish/Bearish meeting line
Stick sandwich	Tower bottom
Morning star	Tower top
Evening star	Three stars in the south
Morning doji star	Frypat bottom
Evening doji star	Dumping top
Bullish/Bearish harami	Bullish/Bearish engulfing cross

# CONTINUATION CANDLESTICK PATTERNS

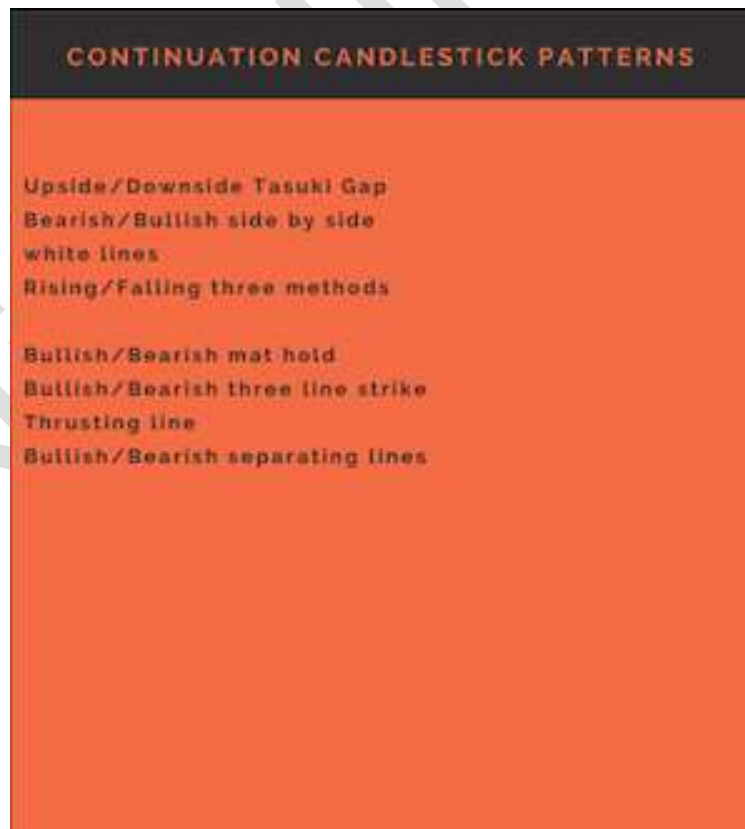
---

In addition to reversals, the candlesticks can also identify when the markets are ready to continue their trend.

The patterns placed here are great for opportunities to:

- Enter in a trend you may have missed out from earlier
- Add to your current trading position, increasing your position size to take advantage of the trend
- Exit a trade for profit, or realize a loss if the trend is going against you.

These continuation patterns are:



The best way to execute a trade from a candlestick pattern is to wait until the candlestick closes then place an order above the "trigger" candlestick's high (if it's a buy signal) or low (if it's a sell signal)

NiftyNirvana