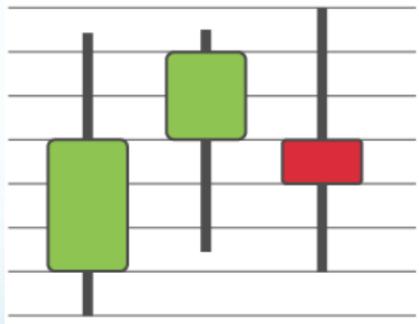


Japanese Candlestick Patterns Simplified PDF Version



[CandlestickPatternScanner.com](http://www.CandlestickPatternScanner.com)

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Why Use The Japanese Candlestick?

- It's a proven analysis that's successfully used hundreds of years ago in Japan.
- Homma, the Rice Merchant, used the candlestick to amass great wealth and fortune in Japan.
- It was said that he had over one hundred winning trades in a row. His abilities became legendary and were the basis of Candlestick analysis.
- The Japanese Candlestick Analysis continues to enrich traders who have learned to decipher the story behind every bar.

WHAT IS A CANDLESTICK?

- A candlestick depicts the battle between Bulls (buyers) and Bears (sellers) over a given period of time.
- Through Japanese Candlesticks, the market signal that shows the battle between the Bulls (buyers) and the Bears (sellers) over a certain amount of time.
- By knowing how to read candlestick, you will know which direction the market is heading.

Understanding the Language of the Market

- At first glance, you'll notice two types of candlesticks:



Hollow (Light) candlesticks - close price is greater than the open price, indicating buying pressure



Filled (Dark) candlesticks - close price is less than open price, indicating selling pressure

What Stories Are They Telling Us?

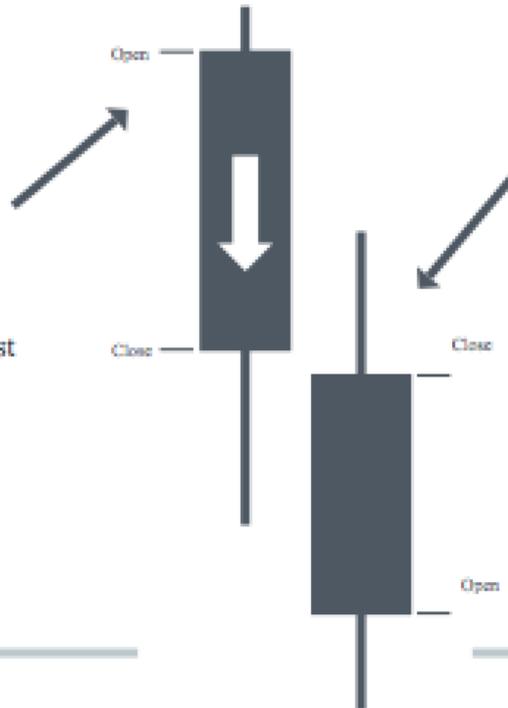
- The relationship between the open and close is considered vital information and forms the essence of candlesticks.
- Hollow candlesticks, where the close is greater than the open, indicate buying pressure.
- Filled candlesticks, where the close is less than the open, indicate selling pressure.

Bullish and Bearish Candles

TYPES OF CANDLESTICKS

BEARISH

Long filled candlesticks indicate that the Bears controlled trading for most of the time.



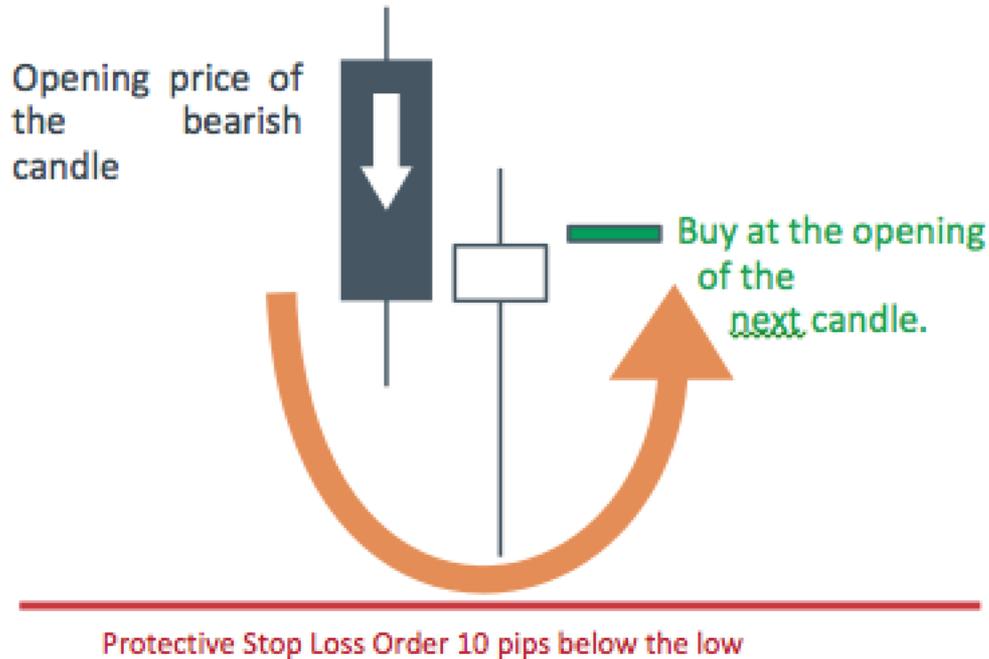
BULLISH

Long hollow candlesticks indicate that the Bulls controlled trading for most of the time.

BULLISH Candlestick Patterns

- Bullish candlesticks indicate the market is moving in an upward trend.
- Knowing this repeating patterns help us anticipate market movements.
- Study and remember these patterns well!

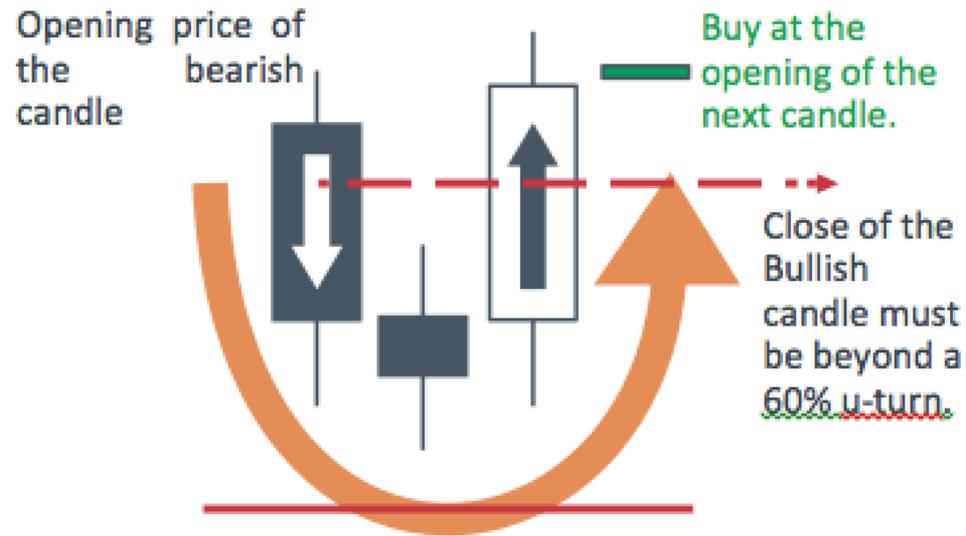
Bullish Shooting Star



BULLISH SHOOTING STAR

When you see this: **BUY** in the direction of the trend at the opening of the next candle or when it meets the criteria of the Bullish Shooting Star.

Bullish Morning Star



BULLISH MORNING STAR

When you see this: **BUY** in the direction of the trend at the opening of the next candle or when it meets the criteria of the Bullish Morning Star.

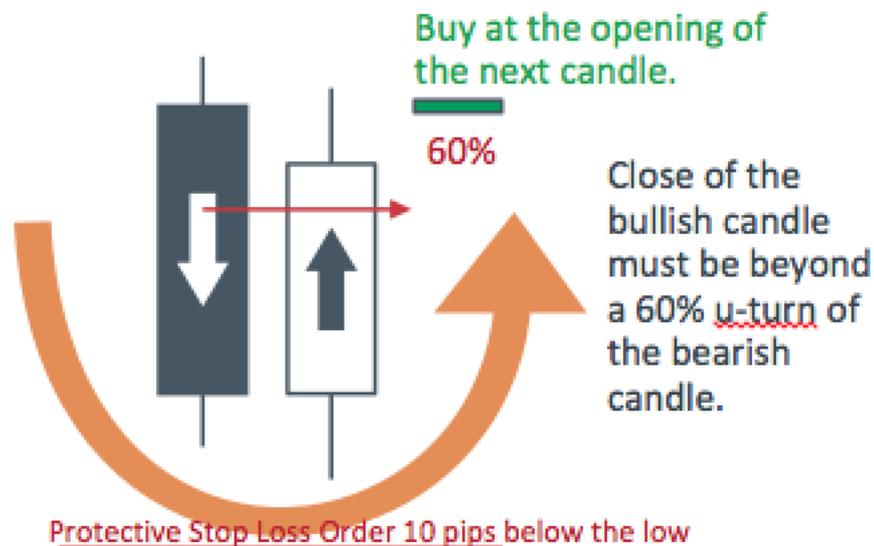
Bullish Engulfing Candle



BULLISH ENGULFING CANDLE

After the Bullish Engulfing Candle appears in the direction of the trend, **BUY** at the opening of the next candle with a protective stop loss order approximately 10 pips beyond the lows of the wicks.

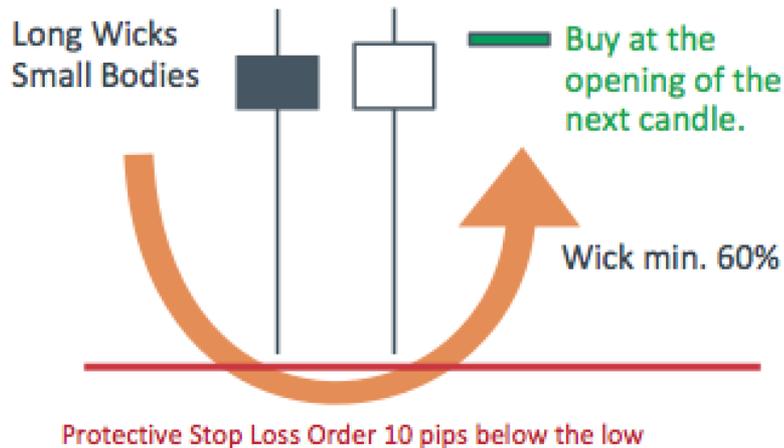
Bullish Piercing Line



BULLISH PIERCING LINE

When you see this: **BUY** in the direction of the trend at the opening of the next candle or when it meets the criteria of the Bullish Piercing Line.

Bullish Tweezer Bottom



BULLISH TWEezer BOTTOM

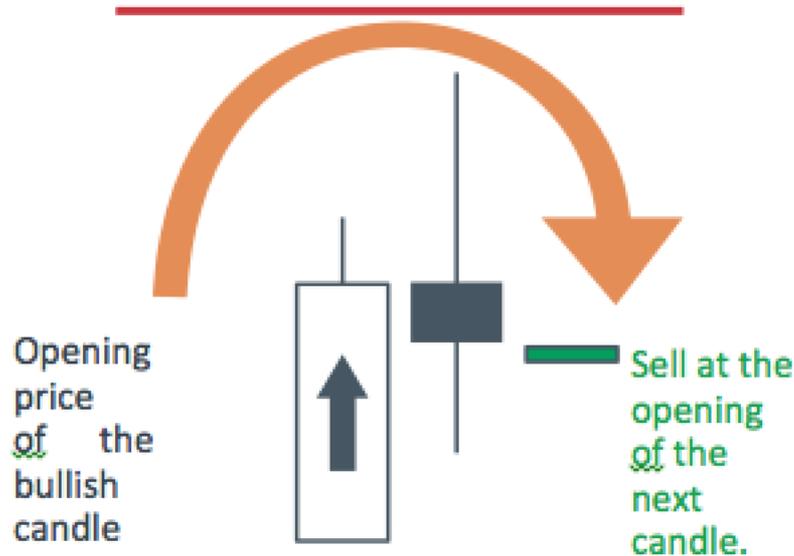
When you see this: **BUY** in the direction of the trend at the opening of the next candle or when it meets the criteria of the Tweezer Bottom.

BEARISH Candlestick Patterns

- Bearish candlesticks indicate the market is moving in a downward trend.
- Knowing Bearish candlestick patterns will pre-alert you when to sell or get out of a long position.

Bearish Shooting Star

Protective Stop Loss Order 15 pips above the high



BEARISH SHOOTING STAR

When you see this: **SELL** in the direction of the trend at the opening of the next candle or when it meets the criteria of the Bearish Shooting Star.

Bearish Evening Star



BEARISH EVENING STAR

When you see this: **SELL** in the direction of the trend at the opening of the next candle or when it meets the criteria of the Bearish Evening Star.

Bearish Engulfing Candle

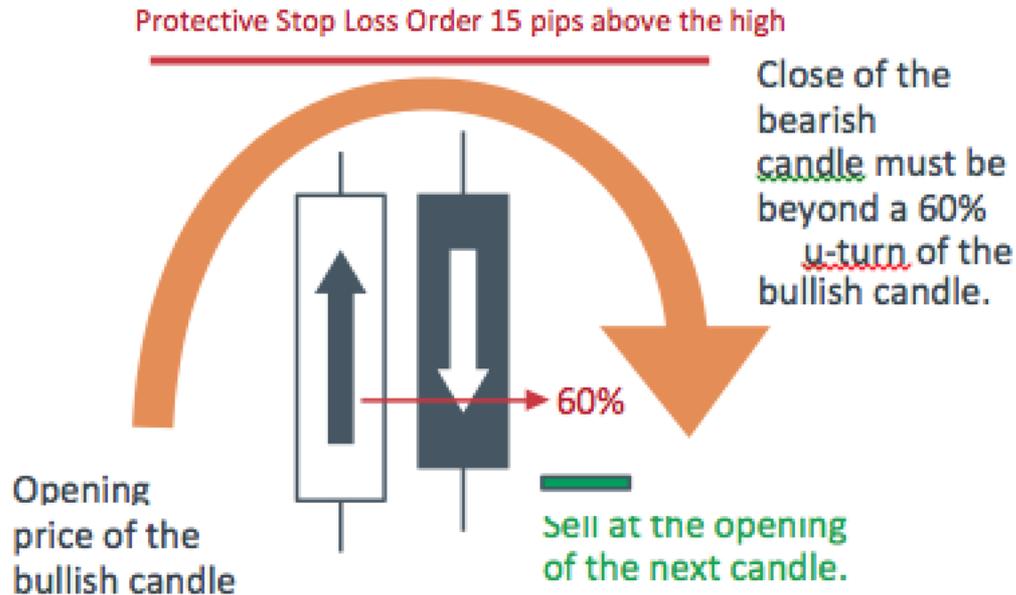
Protective Stop Loss Order 15 pips above the high



BEARISH ENGULFING CANDLE

When you see this: After the Engulfing Bearish Candle appears in the direction of the trend, **SELL** at the opening of the next candle with a protective stop loss order approximately 15 pips beyond the HIGHS of the wicks.

Bearish Dark Cloud Cover



BEARISH DARK CLOUD COVER

When you see this: **SELL** in the direction of the trend at the opening of the next candle or when it meets the criteria of the Bearish Dark Cloud Cover formation.

Bearish Tweezer Top

BEARISH TWEezer TOP

When you see this: After you have two candles that have met the criteria of a Tweezer Top, **SELL** at the opening of the next candle with a protective stop loss order approximately 15 pips beyond the highs of the wicks.

Protective Stop Loss Order 15 pips above the high

Long
Wicks
Small
Bodies

Wick min. 60%

Sell at the opening of
the next candle.

Candlesticks Are Reliable

- Candlesticks help you determine market movements. There are hollow/light candlesticks, known as Bullish candlesticks and there are filled/dark candlesticks, known as Bearish candlesticks.
- Bullish candlesticks mean the markets moving in an upward trend, indicating buying pressure.

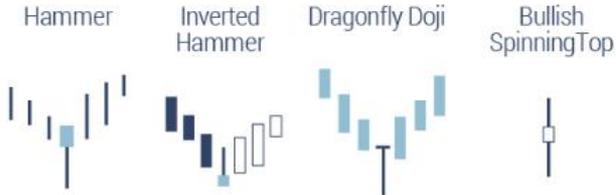
Candlesticks Are Reliable

- Bearish candlesticks reveal the market is in a downward trend and there is high selling pressure.
- With enough consecutive Bullish candlesticks and the right indicators, you can determine that an upward movement is taking place.

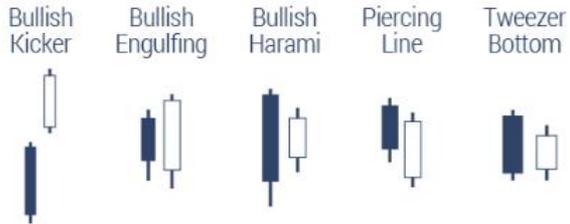
CANDLESTICK CHEAT SHEET

BULLISH CANDLESTICK PATTERNS

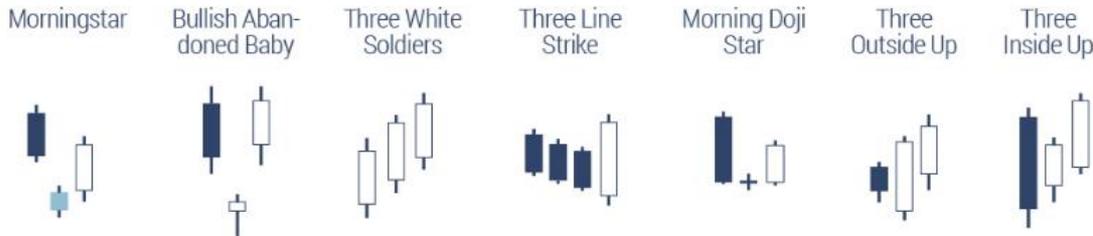
SINGLE CANDLE PATTERNS



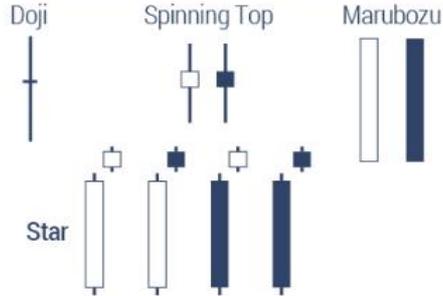
TWO CANDLE PATTERNS



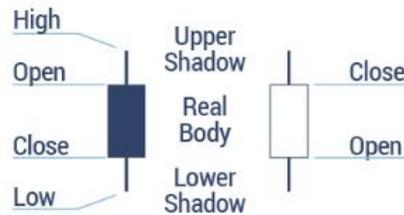
THREE+ CANDLE PATTERNS



NEUTRAL/BASIC PATTERNS



CANDLESTICK BASICS

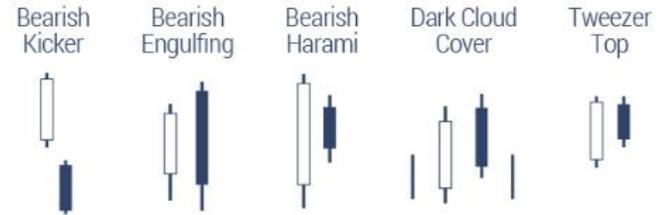


BEARISH CANDLESTICK PATTERNS

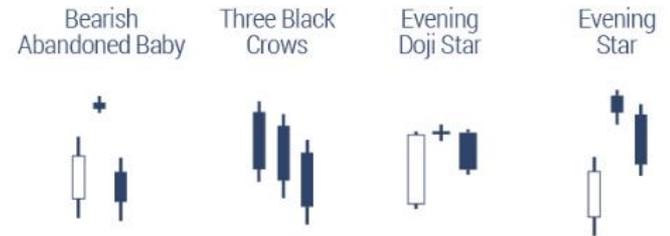
SINGLE CANDLE PATTERNS



TWO CANDLE PATTERNS



THREE+ CANDLE PATTERNS



Candlestick Cheat sheet



Doji

Indecision: The open and close at the same level proves that buyers and sellers are balancing each other out. Signals a **reversal** if seen in a solid up or down trend



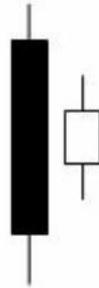
Star

A small real body gapping away from a larger real body signals a **reversal**. Shown is a Bearish Star, can also be seen in a downtrend with the second small candle gapping lower



Doji Star

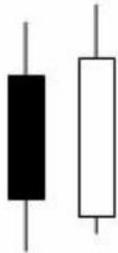
So called if the second Candle of a Star is a Doji –an even more potent **reversal** than a normal “Star”. Shown is a Bullish Doji Star



Harami

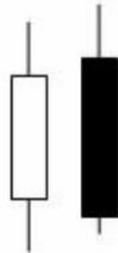
A small real body contained within the previous day’s real body signals a **reversal** if the first real body is in line with the underlying trend. Shown is a Bullish Harami. Not a strong signal

Candlestick Cheat sheet



Bullish Engulfing Pattern

Bullish if seen **during a downtrend**. The second open/white candle must totally envelop the real body of the first



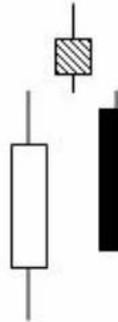
Bearish Engulfing Pattern

Bearish when you're in an **Uptrend**. The real body of the second filled/dark candle engulfs the real body of the first. A strong reversal signal especially if there is better volume on the second day.



Morning Star

A **significant reversal** if seen **in a downtrend**. It has three candles, the first two are a "Star", the third confirms, closing well into the real body of the first candle



Evening Star

An important **Bearish Pattern** if seen **in an uptrend**. The middle candle has a small real body which gaps way from the first. The third candle confirms the change of sentiment

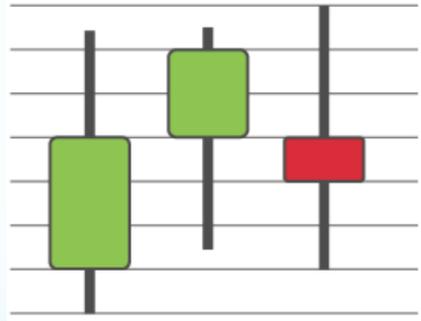
Candlestick Patterns Scanner MT4 Indicator

- There is a reliable trading signal happening everyday.
- You just have to know where to find it.
- We have developed a powerful MT4 Indicator that scans the entire market for you.

Candlestick Patterns Scanner MT4 Indicator

- To trade Candlesticks when they appear, then you need a good alert tool.
- Else you will always be waiting and looking for it.
- Let our MT4 Indicator alert you as it happens.
- [Click Here to Learn How to trade Efficiently](http://www.CandlestickPatternScanner.com)

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