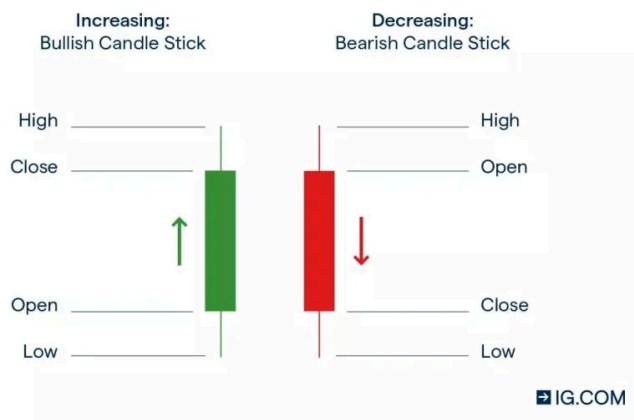


# basic-chart-reading channel

## How to read candlestick charts

How to read candlestick charts is very important in day trading. A daily candlestick shows the market's open, high, low, and close prices for the day. The candlestick has a wide part called the body.

The body represents the price range between the open and close of that day's trading. When the body is filled in or red, it means the close was lower than the open. If the body is white or green, it means the close was higher than the open.



The candle on the left has a large lower wick, suggesting that demand has come in, which may suggest a bullish reversal (a move up). The candle on the right has a large upper wick, suggesting that supply has come in, which may suggest a bearish reversal (a move down).

# Double Tops, Triple Tops, Quad Tops:

Double tops, Triple Tops & Quad tops are bearish signals & are established when a candle **High** is the the exact same as previous candle(s). These can be consecutive highs but also highs with a moderate decline between the two candles. You should be using these different Tops as signals to exit your long position, if candle breaks above these tops it is a possible signal for a Long entry. Examples of both consecutive highs & highs with a moderate decline between the two candles will be shown below:

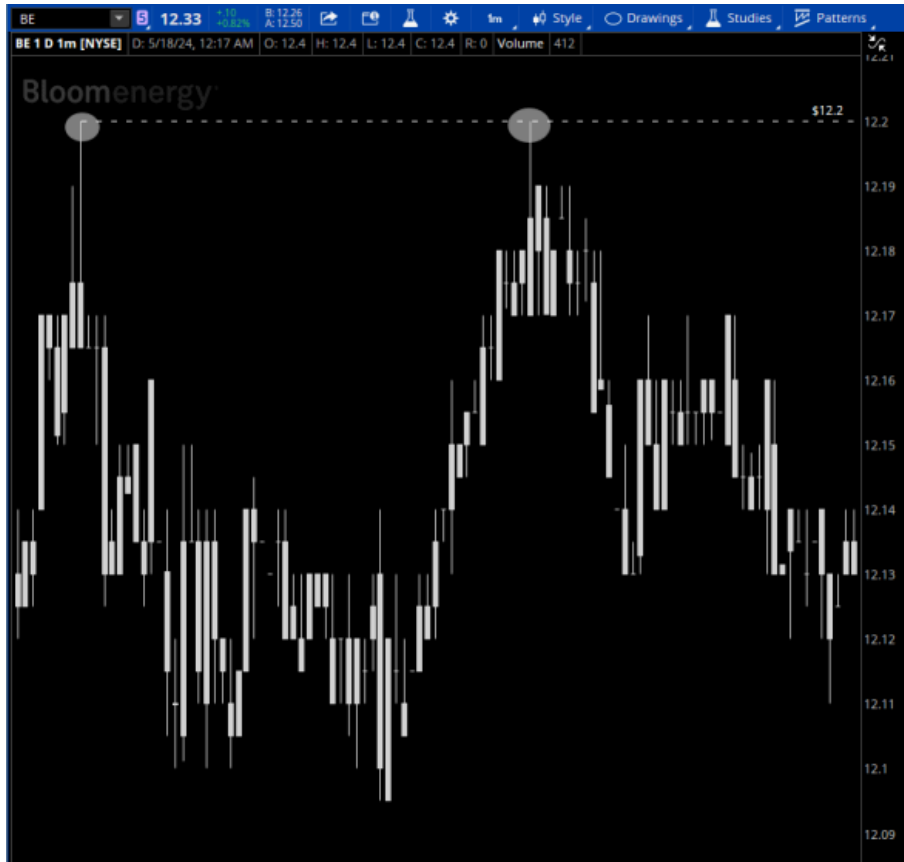
## Double Top Consecutive Candles:

Here you can see two double top scenarios with **consecutive candles** with the exact same top, which results in a pullback (decline).



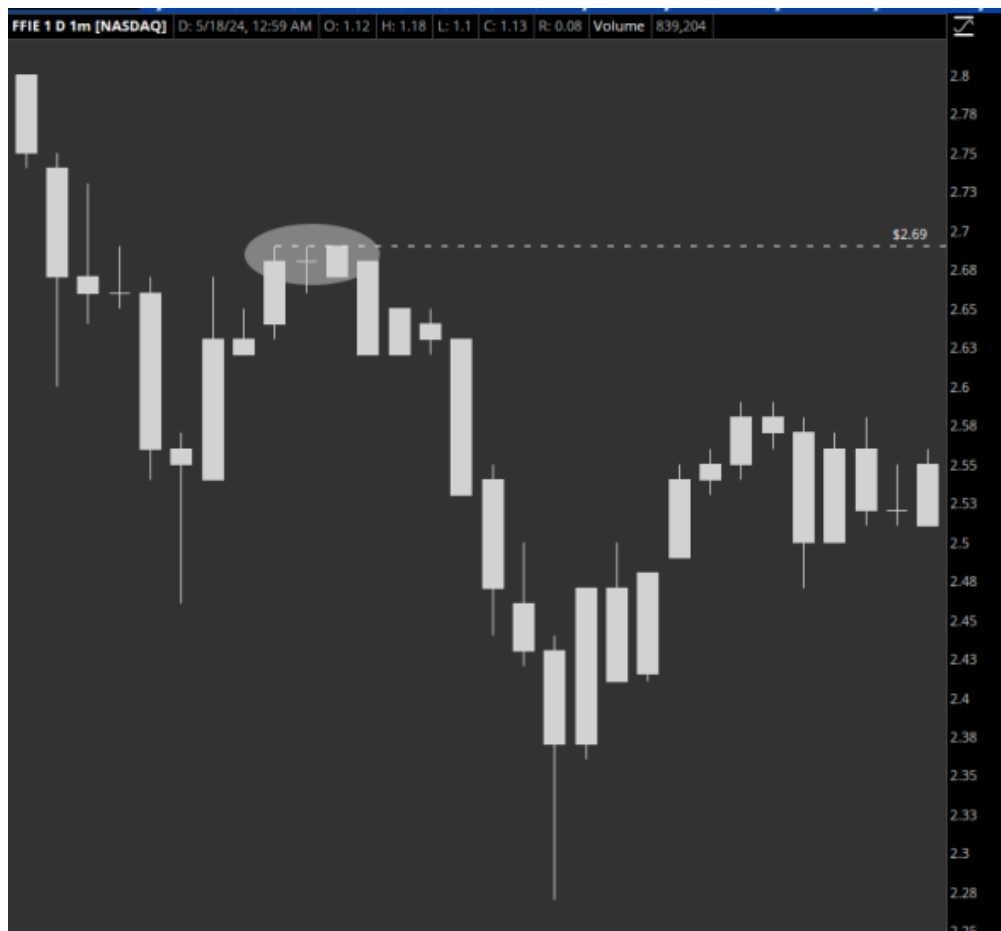
# Double Top with moderate decline inbetween:

Here is a Double Top at the \$12.20 level with a **moderate decline in between**, leading to a pullback (decline).



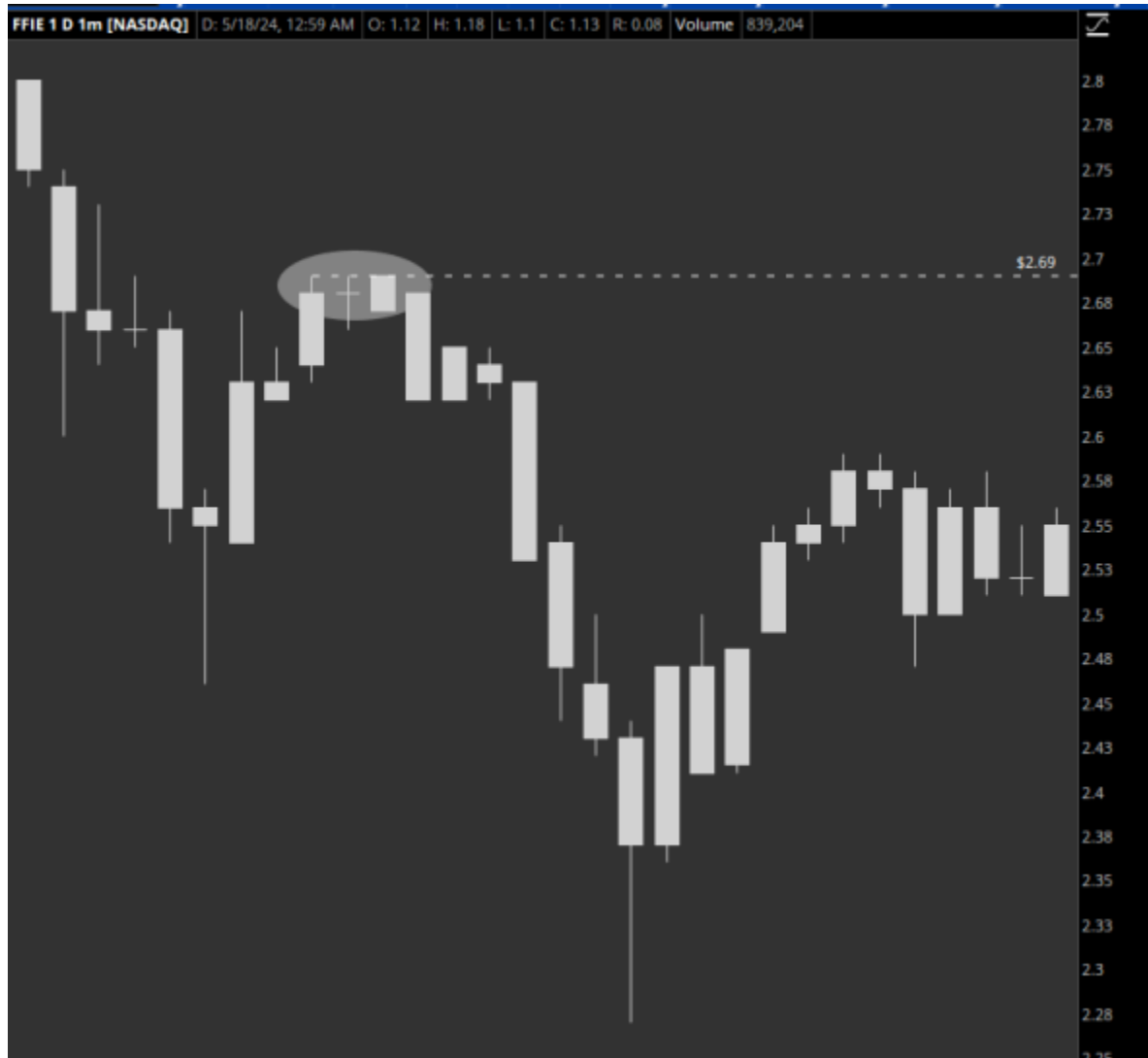
# Triple Top with Consecutive candles:

Here is a Triple Top with **Consecutive Candles** at the \$2.69 level, leading to a pullback (decline).



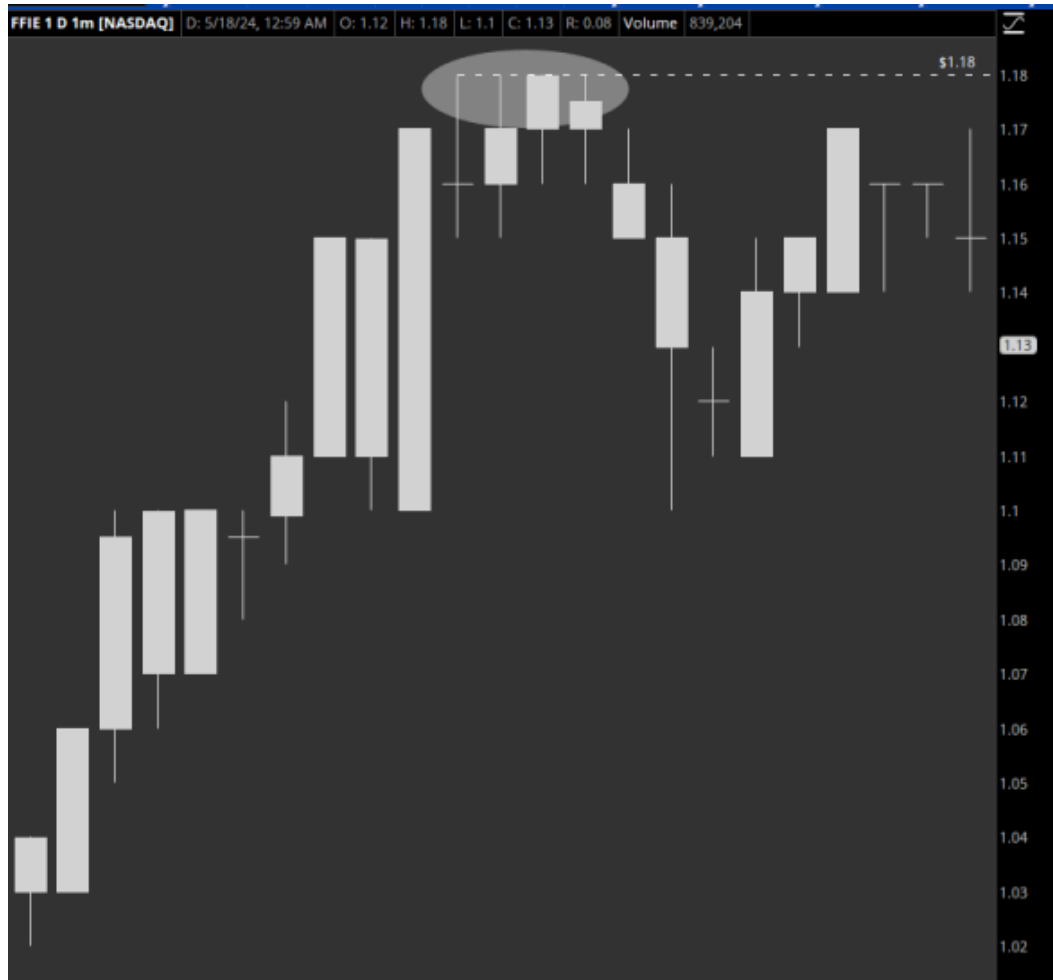
# Triple Top with a moderate decline in between:

Here is a Triple top with a **Moderate Decline in between** at the \$2.88 level, leading to a pullback (decline).



# Quad Top with Consecutive Candles:

Here is a Quad Top with **Consecutive Candles** at the \$1.18 level, leading to a pullback (decline).



# Quad top with a Moderate Decline in between:

Here is a Quad top with a **Moderate Decline in between** at the \$5.05 level, leading to a pullback (decline). You could also say this is two double tops with consecutive candles which establishes a quad top with a moderate decline in between.



# Double Bottoms, Triple Bottoms, Quad Bottoms:

Double Bottoms, Triple Bottoms & Quad Bottoms are bullish signals & are established when a candle **Low** is the the exact same as previous candle(s). These can be consecutive lows but also lows with a moderate valley between the two candles. You can use these bottoms to set your stop loss below & also to make Buy entries off of. Examples of both consecutive highs & highs with a moderate decline between the two candles will be shown below:

## Double Bottom Consecutive Candles:

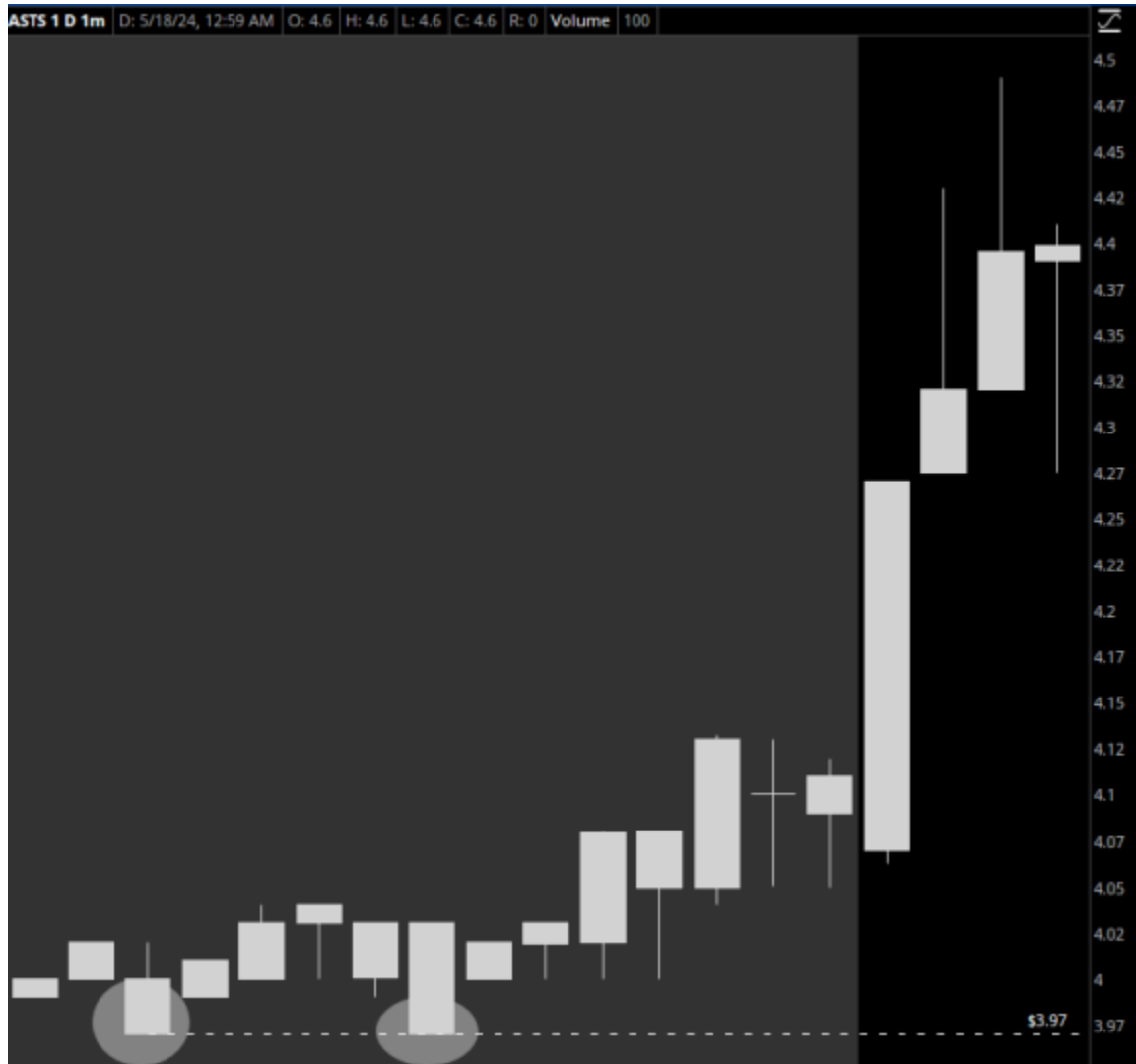
Here is a Double Bottom with **Consecutive Candles** at the \$4.76 level which resulted in a move up.





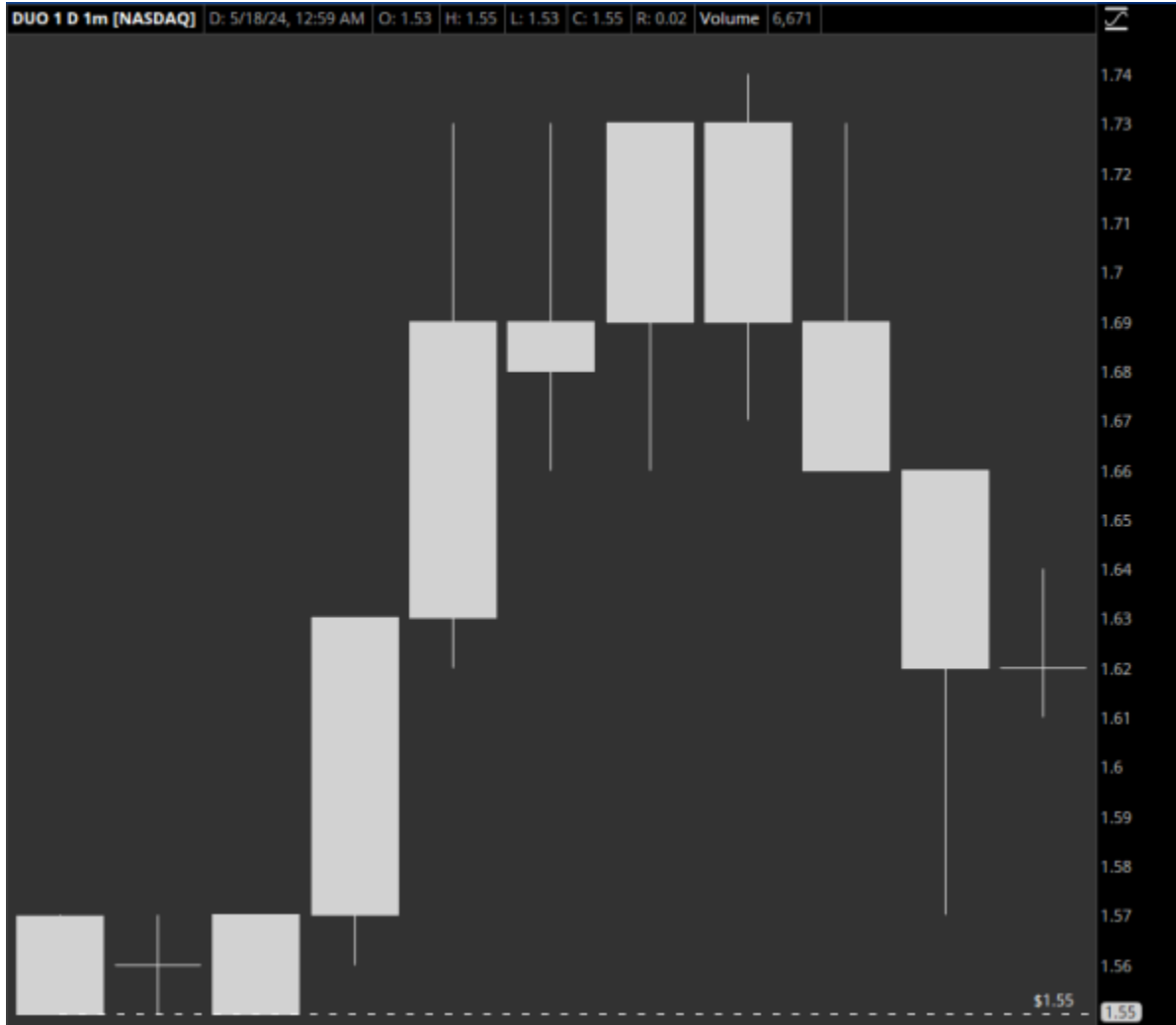
# Double Bottom with a moderate valley in between:

Here is a Double Bottom with a **Moderate Valley in between** at the \$3.97 level which resulted in a move up.



## Triple Bottom consecutive candles:

Here is a Triple Bottom with **Consecutive Candles** at the \$1.55 level which resulted in a move up.



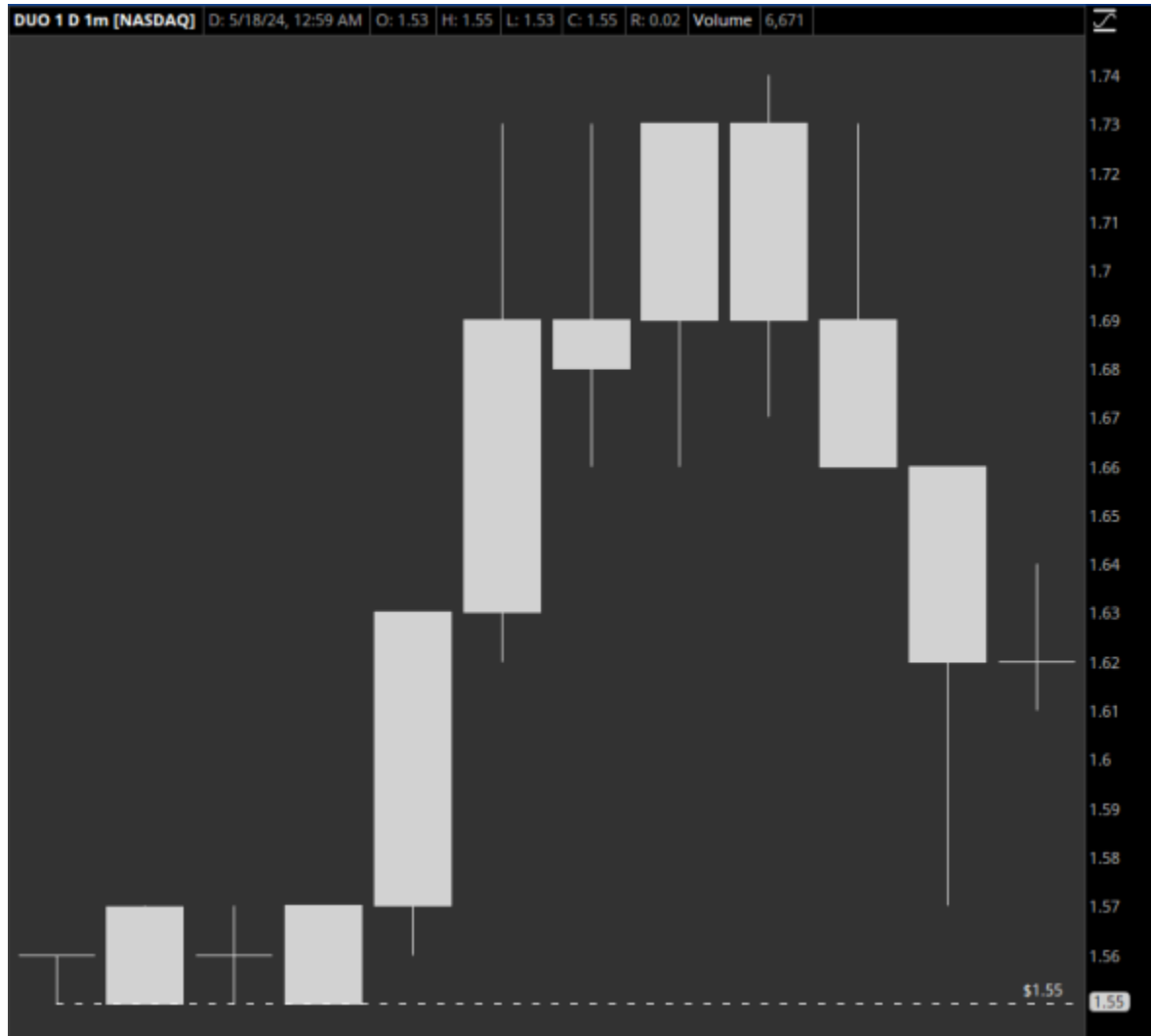
# Triple Bottom with a moderate valley in between:

Here is a Triple Bottom with a **Moderate Valley** in between at the \$2.71 level which resulted in a move up.



## Quad Bottom Consecutive Candles:

Here is a Quad Bottom with **Consecutive Candles** at the \$1.55 level which resulted in a move up.



# Quad Bottom with a moderate valley in between:

Here is a Quad Bottom with a **Moderate Valley in between** at the \$9.52 level which resulted in a move up.



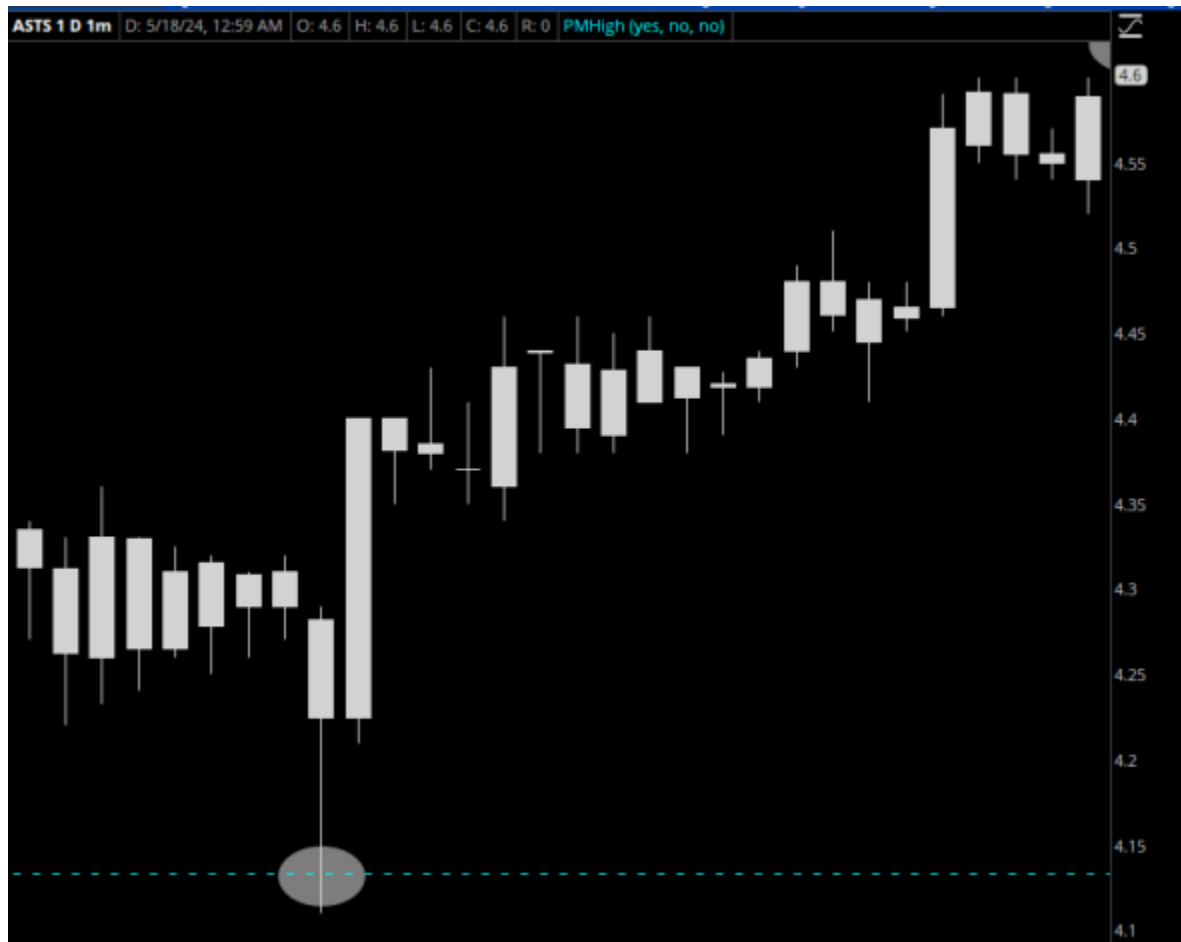
# Failed Breakouts & Failed Breakdowns:

A Failed Breakout is when a Candle breaks above Resistance but **CLOSES BELOW** the resistance level. This is a **Bearish reversal** signal which normally results in a pullback (decline). A Failed Breakdown is when a Candle breaks below Support but **CLOSES ABOVE** the support level. This is a **Bullish reversal** signal which normally results in a move up. You should always be aware of these Failed Breakouts & Failed Breakdowns establishing, they can be used for both entries and exits. If you are in a **Long** position and a Failed Breakout establishes at a Resistance, you should be ready to Exit your position. These resistance levels include Resistance mentioned in alerts, Daily Timeframe Resistance (large caps), Pre Market High, High of day, After hours high etc. If you are in a **Short** position on Futures and a Failed Breakdown establishes at Support, you should be ready to Exit your position. These Support levels include Support mentioned in alerts, Daily Timeframe Support, Low of day, Pre Market Low etc. Failed Breakouts at Key Resistance can be used to initiate **Short** positions (large caps only), risking above the candle which established the failed breakout. Failed Breakdowns at Key Support can be used to initiate **Long** positions, risking below the candle which established the failed breakdown. **Examples of Failed Breakouts & Failed Breakdowns below:**

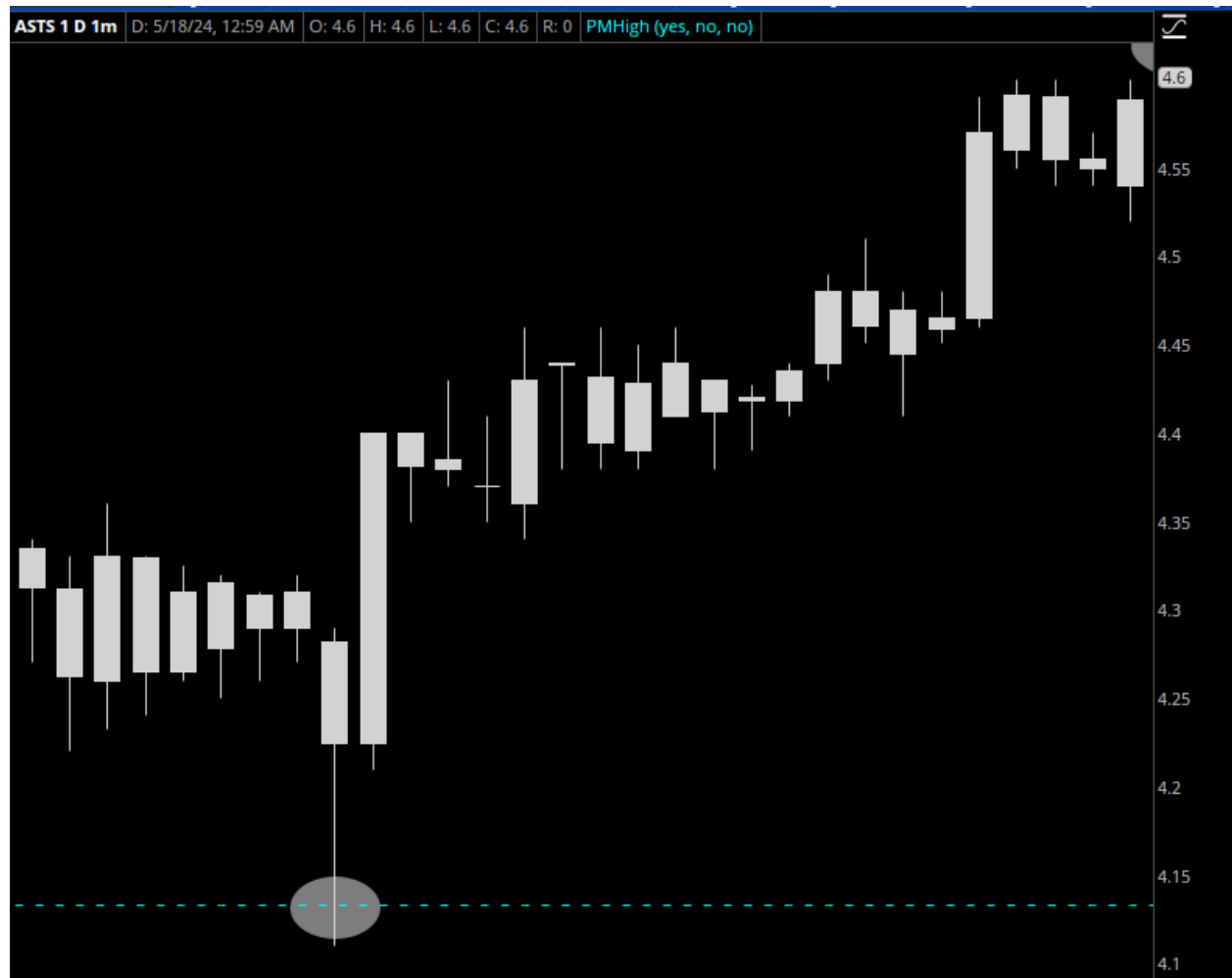
**Failed Breakout at \$4.61 Resistance Level, resulting in a pullback**



Failed Breakdown at the Cyan Line Support level (Pre Market High), resulting in a move up



**Failed Breakdown at the Cyan Line Support level (Pre Market High), resulting in a move up**





Failed Breakdown at the \$8.92 Support level, resulting in a move up



## # **\*\*Rising Support (Higher Lows) & Lowering Resistance (Lower Highs)\*\***

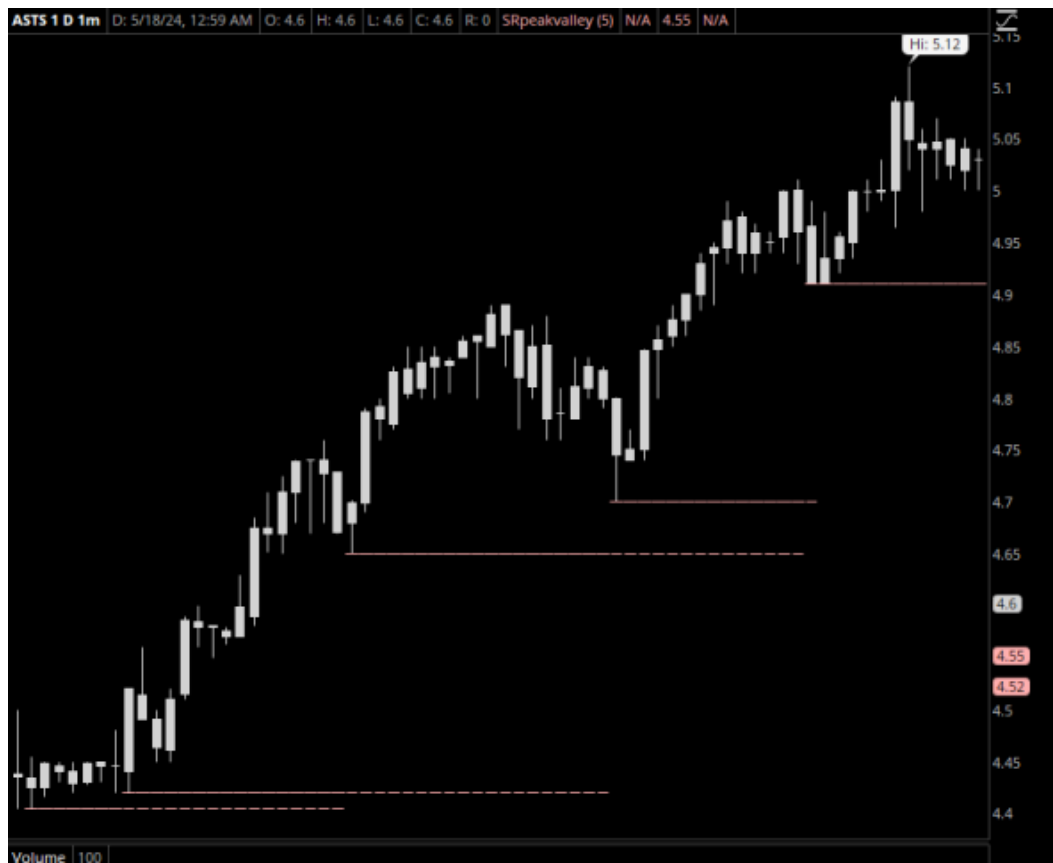
Both Rising Support & Lowering Resistance are seen by looking at the **\*\*Candle Established Support/Resistance\*\***. Which means you need to be looking at the Candle Highs & Lows.

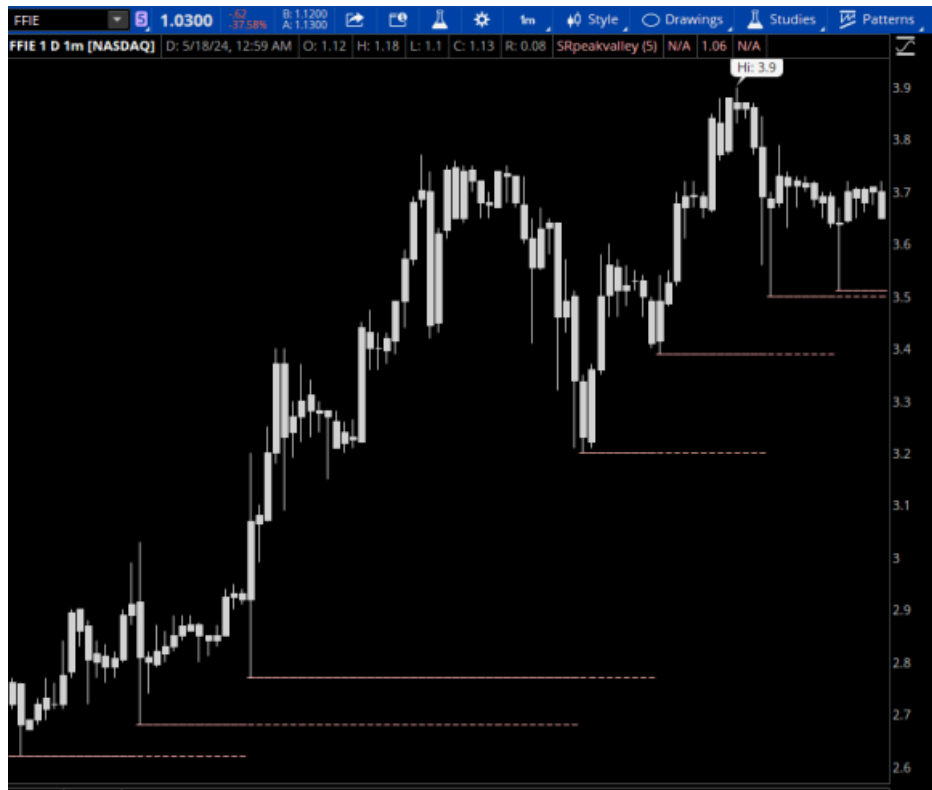
You always want to see **\*\*Rising Support\*\*** in a **\*\*BULL\*\*** Trend. You can see this with the rising established candle lows. When you are in a **\*\*Long\*\*** position, rising support is key, it can be used to keep you in a trade & also to adjust your stop losses below new raised established support. Rising support can also be used as an exit signal for your **\*\*Short\*\*** Position (large caps trading)

You always want to see **\*\*Lowering Resistance\*\*** in a **\*\*BEAR\*\*** Trend. You can see this with the lowered established candle highs. When you are in a **\*\*Short\*\*** position, lowering Resistance is key, it can be used to keep you in a trade & also to adjust your stop losses above new established lowered resistance. Lowering Resistance can also be used as an exit signal for your **\*\*Long\*\*** Position

**\*\*Examples of Rising Support & Lowering Resistance below:\*\***

**\*\*Rising support shown here:\*\***





Lowering Resistance shown here:







# Rising Support paired with Lowering Resistance

When you have both Rising Support & Lowering Resistance at the same time, this shows Indecision and you will need confirmation to establish the Bull/Bear trend. For a Bull Trend you will need a breakout above the Lowering Resistance, Bullish indicators on your indicator sets will be a heads up of a potential breakout above the most recent Lowered Resistance level. For a Bear Trend you will need a breakout below the Rising Support, Bearish indicators on your indicator sets will be a heads up of a potential breakdown below the most recent Rising Support level.

Examples below:

Here you have both Rising Support and Lowering Resistance at the same time. In this case a Bull Trend was confirmed as it broke above the Lowered Resistance (Shaded grey area)



Here you have both Rising Support and Lowering Resistance at the same time. In this case a Bear Trend was confirmed as it broke below the Rising Support (Shaded grey area)

