# CANDLESTICK OVERVIEW

## Body

Bullish Candlesticks- are either White, hollow or green in appearance

-Formed when the closing price is higher than opening price

Bearish Candlesticks – Are either Red or Black in appearance.

-Formed when the opening price is higher than the closing price

## Wicks/Tails or Shadows

* They denote the high and low prices for a given period.
* The upper shadow denotes the high price and lower shadow denotes the low prices

# SIMPLE CANDLESTICK PATTERNS

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| --- | --- | --- | --- |
| S/No | Name | Description | Pattern |
| 1 | Big Black Candle | Bearish pattern with unusually long body wide range between LOW and HIGH |  |
| 2 | Big White Candle | Bullish Pattern with unusually long body wide range between LOW and HIGH |  |
| 3 | White Body | Bullish signal formed when closing price is higher compared to opening price. |  |
| 4 | Black Body | Bearish signal formed when opening price is higher compared to closing price. |  |
| 5 | Doji | Formed when closing and opening prices are equal. If previous are bearish the next after Doji are Bullish. |  |
| 6 | Long-legged Doji | Formed with lower shadows and long uppers. Occurs when both forces in opposition are strong. If the previous one is bullish after this Doi it’s Bullish. |  |
| 7 | Dragon Fly Doji | Formed when opening and closing prices are highest during the day.  A longer shadow shows bullish trend. When it appears at market bottoms it’s a sign of reversal. |  |
| 8 | Gravestone Doji | Formed when the closing and opening prices are lowest for the day. A longer upper shadow shows a bearish trend. When it appears at the top it’s a sign for a reversal signal. |  |
| 9 | Dragonfly Doji | Formed when opening and closing prices are highest for the day.  Major characteristic: Long lower shadow signals Bullish trend. Secondly this Doji at Market Bottoms shows a reversal signal. |  |
| 10 | Hammer | Can either be a white or Black candlestick. Formed when there is a small body near the high price with little/no upper shadow.  Major characteristic is the longer lower tail.  It is considered a bullish pattern when there is a downtrend. |  |
| 11 | Inverted Hammer | Can either be a black or white candlestick.  Formed when there is a small body near the low price with little or no lower shadow/  Major characteristic is a longer upper tail. |  |
| 12 | Hanging Man | Can either a white/Black candlestick.  Formed when where is a small body near the high price with small or no upper shadow.  Major characteristic is a long lower tail.  It is considered a bearish pattern during an uptrend. |  |
| 13 | Long Upper shadow | A black/White candle stick  Major characteristic: Upper shadow has a length of 2/3 the range of candle stick.  When it appears around price resistance levels, its considered a bearish signal. |  |
| 14 | Long Lower shadow | A Black/White candle stick formed when the lower shadow has a length of 2/3 more than the total range of candlestick.  When it appears around price support levels it is considered a bullish signal. |  |
| 15 | Marubozu | A normal/long candlestick with no tails or shadows.  Occurs when the high= Close for Bullish and open =High for Bearish (vice-versa).  It is considered a continuation pattern. |  |
| 16 | Spinning Top | A black/White Candlestick with small body. It is considered a neutral pattern with lots of importance in other formations. The size of shadows can vary |  |
| 17 | Shaven Head | A White/Black candlestick with no upper shadow. Closely resembles a hammer |  |
| 18 | Shaven Bottom | A white/black candlestick with no lower tails. Closely resembles with an inverted hammer. |  |

# CATEGORIZING CANDLESTICK PATTERNS: TECHNICAL APPROACH USING PYTHON3.

Criteria: The First step is to identify how to categorize the candlesticks using a criterion that analyzes the market parameters as the first step of the Technical Approach.

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| --- | --- | --- | --- |
| S/No | Name | Description | Criteria |
| 1 | Big Black Candle | Bearish pattern with unusually long body wide range between LOW and HIGH | High and Low Prices |
| 2 | Big White Candle | Bullish Pattern with unusually long body wide range between LOW and HIGH | High and Low Prices |
| 3 | White Body | Bullish signal formed when closing price is higher compared to opening price. | Closing and Opening Price |
| 4 | Black Body | Bearish signal formed when opening price is higher compared to closing price. | Closing and Opening Price |
| 5 | Doji | Formed when closing and opening prices are equal. If previous are bearish the next after Doji are Bullish. | Close= Open prices |
| 6 | Long-legged Doji | Formed with lower shadows and long uppers. Occurs when both forces in opposition are strong. If the previous one is bullish after this Doji it’s Bullish. |  |
| 7 | Dragon Fly Doji | Formed when opening and closing prices are highest during the day.  A longer shadow shows bullish trend. When it appears at market bottoms it’s a sign of reversal. | Open& Close- Highest during the day. |
| 8 | Gravestone Doji | Formed when the closing and opening prices are lowest for the day. A longer upper shadow shows a bearish trend. When it appears at the top it’s a sign for a reversal signal. | Open& Close- Lowest during the day. |
| 9 | Dragonfly Doji | Formed when opening and closing prices are highest for the day.  Major characteristic: Long lower shadow signals Bullish trend. Secondly this Doji at Market Bottoms shows a reversal signal. | Open& Close- Highest during the day. |
| 10 | Hammer | Can either be a white or Black candlestick. Formed when there is a small body near the high price with little/no upper shadow.  Major characteristic is the longer lower tail.  It is considered a bullish pattern when there is a downtrend. | Small Body: Difference between Open & Close is small  Small/No Upper Shadow: High is close to Open (Bearish) and vice versa i.e., High close to Close (Bullish)  Longer Lower tail: Difference between Low and Open (Bullish) and Low and Close (Bearish) is larger. |
| 11 | Inverted Hammer | Can either be a black or white candlestick.  Formed when there is a small body near the low price with little or no lower shadow/  Major characteristic is a longer upper tail. | Small Body: Difference between Open & Close is small  Small/No Lower Shadow: High is close to Open (Bearish) and vice versa i.e., High close to Close (Bullish)  Longer Upper tail: Difference between Low and Open (Bullish) and Low and Close (Bearish) is larger. |
| 12 | Hanging Man | Can either a white/Black candlestick.  Formed when where is a small body near the high price with small or no upper shadow.  Major characteristic is a long lower tail.  It is considered a bearish pattern during an uptrend. |  |
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# REFERENCES

1. Candlestick Pattern: <https://en.wikipedia.org/wiki/Candlestick_pattern>