

Six Bearish Candlestick Patterns (Sell Signals)

This video follows six bearish candlestick formations that can show sell signals. This is a selection of candlestick formations, there are others but we have selected for you key formations that are commonly seen.

1. Hanging Man

Features: The Hanging Man is the bearish equivalent of the Hammer; it has the same shape but occurs at the end of an uptrend. It indicates that there was a broad sell-off during the day, but buyers were able to push the price back up. The big sell-off is often seen as an indicator that the bulls are losing control of the market.

2. Shooting Star

Features: The Shooting Star has the same shape as the Inverse Hammer, but emerges in an upward trend: it has a small lower body and a long upper shadow. Usually, the market jumps a bit higher on the open and makes an intraday high before closing slightly above the open - like a star falling to earth.

3. Bearish engulfing

Characteristics: A bearish engulfing pattern occurs at the end of an uptrend. The first candle has a small green body enveloped by a subsequent long red candle.

It indicates a peak or slowdown in price action and is a sign of an imminent market downturn. The deeper the second candle goes, the more significant the trend is likely to be.

4. Evening Star

Characteristics: The Evening Star is a three candlestick chart pattern that is the equivalent of the bullish Morning Star. It consists of a short candlestick sandwiched between a long green candlestick and a long red candlestick. It signals the reversal of an uptrend and is particularly strong when the third candle erases the gains of the first.

5. Three Black Cows

Features: The Three Black Cows candlestick pattern consists of three long red candlesticks lined up with short or non-existent shadows. Each session opens at a similar price as the previous day, but selling pressure drives the price lower with each close. Traders are interpreting this pattern as the start of a bearish downtrend as sellers have overtaken buyers for three consecutive trading days.

6. The Dark Cloud Cover candlestick pattern suggests a bearish reversal - a dark cloud over the previous day's optimism. It consists of two candlesticks: a red candlestick that opens above the preceding green body and closes below its middle. It signals that the bears have taken over the period and taken the price significantly lower. If the candlestick shadows are short, it indicates that the downtrend is significant.