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English Edition1.0
2023

Candlestick And Chart Pattern



BY DIGITAL GROUP

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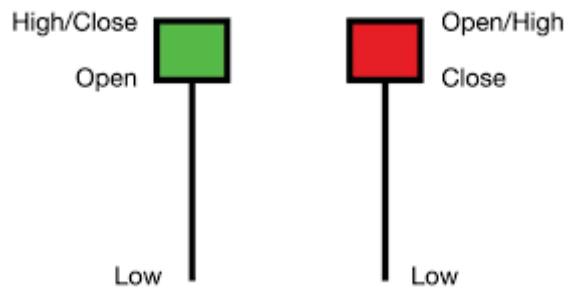
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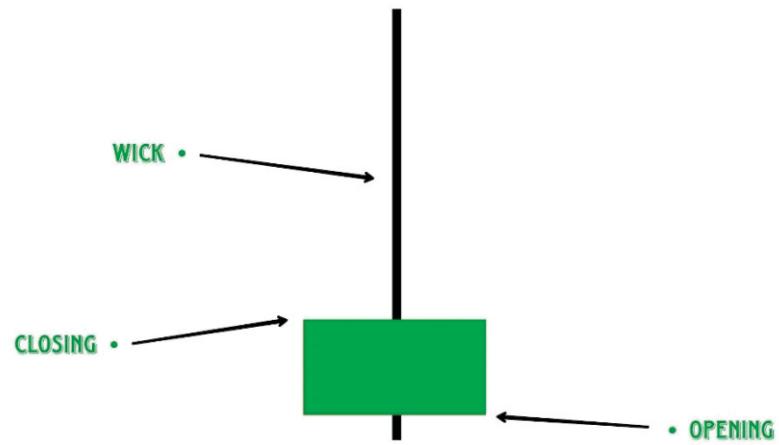
Hammer



Hammer candlestick is a Japanese candlestick pattern used for market decision making. This is a bullish reversal pattern that usually appears after a downtrend. A hammer candlestick has a smaller body and a smaller wick at the top. The body is below the upper shadow. If we look at the candlestick and call it hammer, then the reason is that its shape is like a hammer.

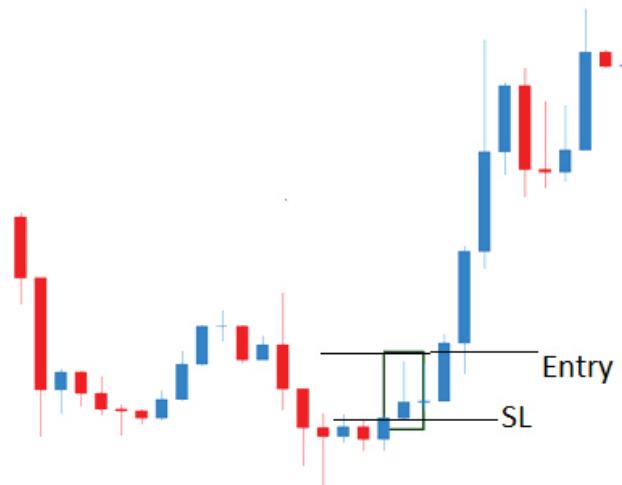


Inverted Hammer

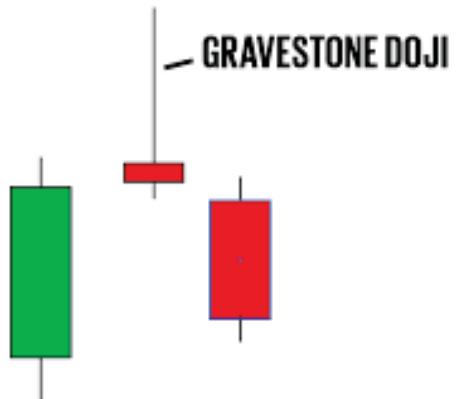


The inverted hammer candlestick pattern is a single candlestick pattern that can provide valuable information about potential trend reversals in financial markets. It is typically found at the bottom of a downtrend and signifies a possible bullish reversal. The pattern consists of a small body near the top of the candlestick and a long lower shadow, resembling an upside-down hammer. The upper shadow, if present, is usually very small or non-existent. The small body indicates that there was little price movement between the open and close of the period.

The significance of the inverted hammer lies in its long lower shadow, which suggests that sellers pushed the price significantly lower during the trading period. However, the strong buying pressure seen towards the end of the period caused the price to recover and close near its opening level or even higher.



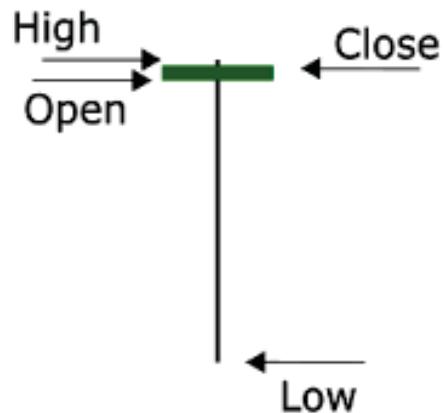
Gravestone doji



Gravestone doji candlestick is a bearish reversal pattern that usually appears after an uptrend. In this pattern, the size of the body is small and the upper shadow is small. The body is above the upper shadow.



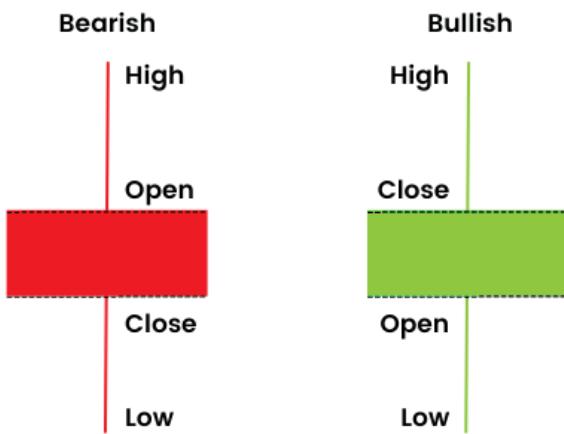
Dragonfly doji



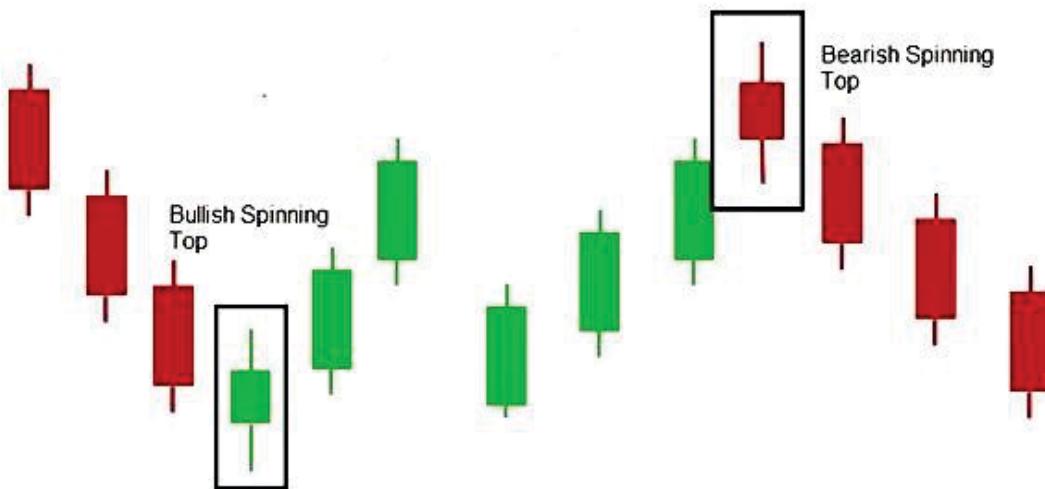
Dragonfly doji candlestick is a bullish reversal pattern that usually appears after a downtrend. In this pattern, the body size is small and the bottom shadow is small. The body is above the upper shadow.



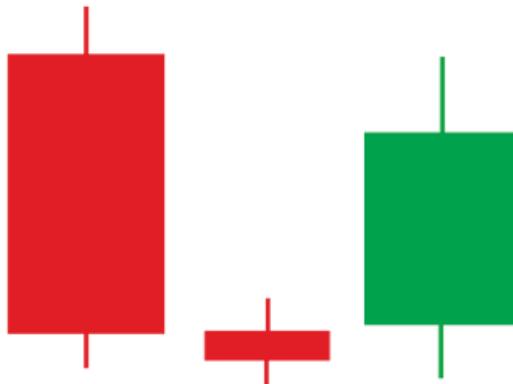
Spinning top



Spinning top candlestick is a neutral pattern that occurs between the top of the body and the bottom of the shadow. In this pattern the size of the body is very small and the shadow above and below the body is equal or slightly increased.



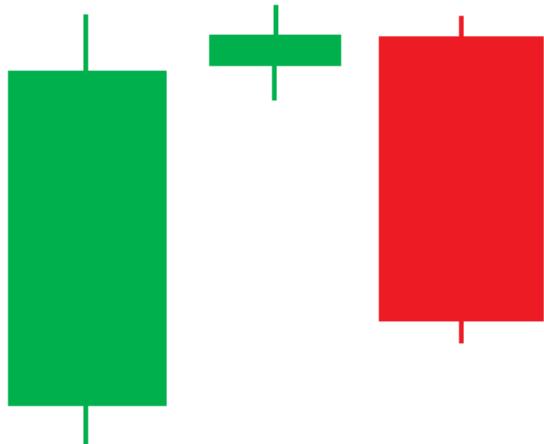
Morning Star



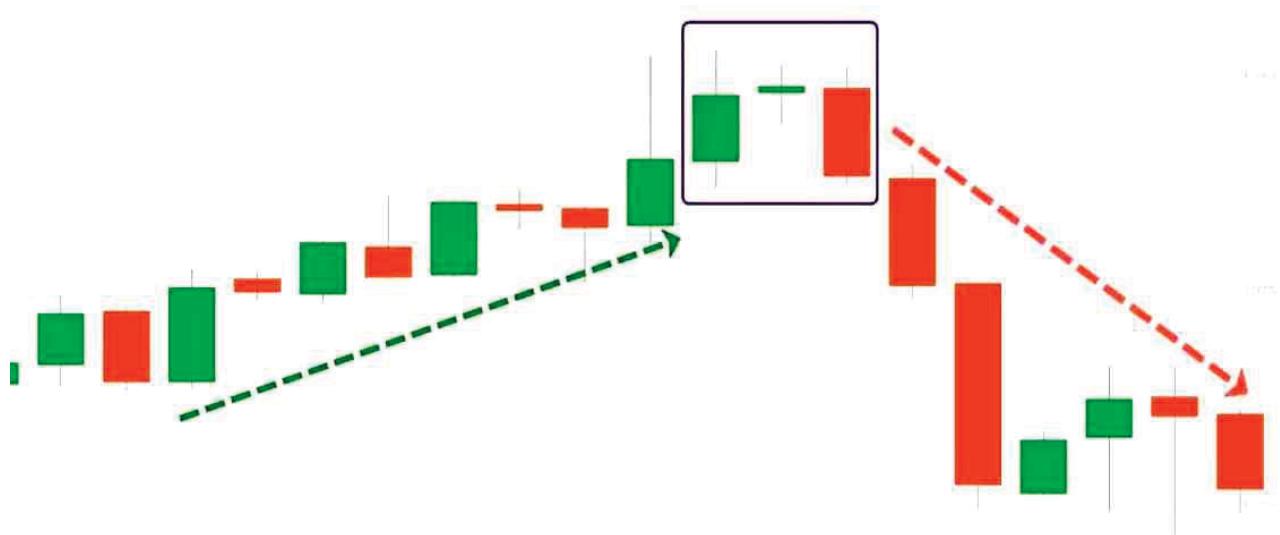
Morning star candlestick pattern is a bullish reversal pattern that occurs after a downtrend. This pattern is preceded by a long black (or red) candlestick followed by a small-bodied candlestick that occurs in a lower price range. This is followed by a long white (or green) candlestick which rises above the body of the first candlestick and closes rising above it.



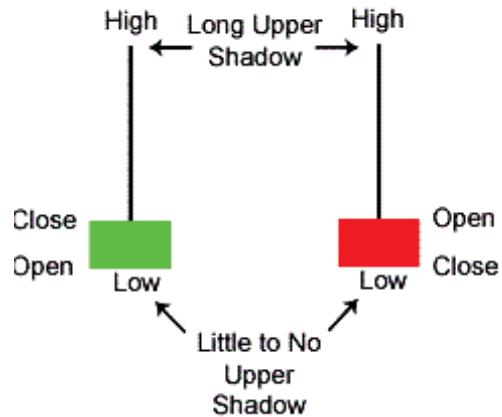
Evening star



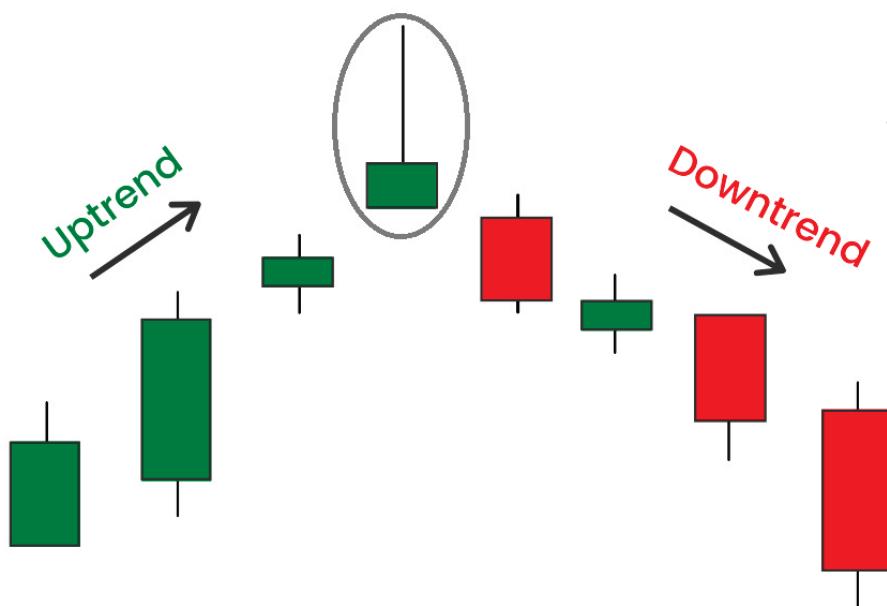
Evening star candlestick pattern is a bearish reversal pattern that occurs after an uptrend. This pattern is preceded by a long white (or green) candlestick followed by a small-bodied candlestick that occurs in a lower price range. This is followed by a long black (or red) candlestick that rises above the body of the first candlestick and closes rising below it.



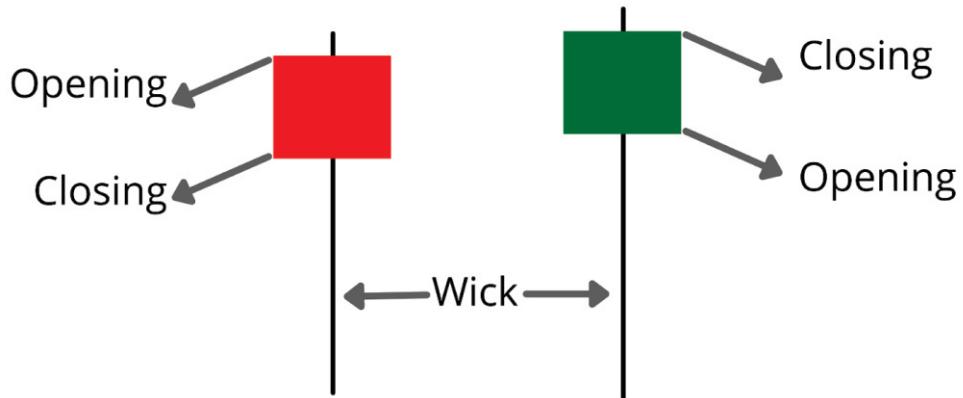
Shooting Star



Shooting star candlestick pattern is a bearish reversal pattern that occurs after an uptrend. In this pattern, a long white (or green) candlestick appears first, followed by a small-bodied candlestick that is on the upper side. Next, a long upper shadow extending at least two bars back is generated above this small-bodied candlestick. The reason behind the name shooting star is that the shape of the long upper shadow makes it look like a shooting star.



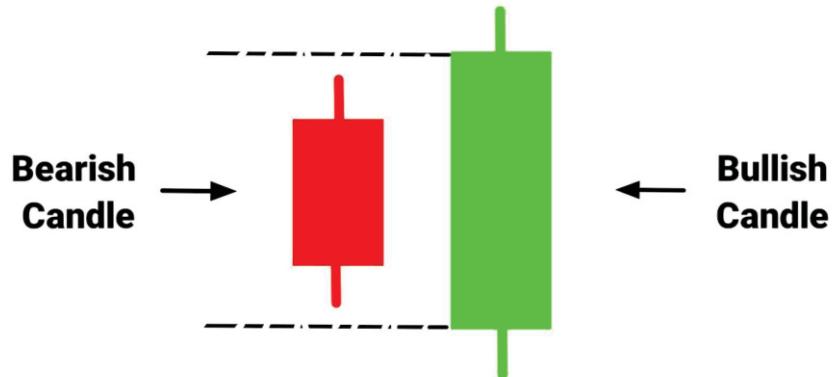
Hanging Man



Hanging man candlestick pattern is also a bearish reversal pattern that occurs after an uptrend. In this pattern, a long white (or green) candlestick appears first, followed by a small-bodied candlestick that is on the downside. This small-bodied candlestick has a long lower shadow that extends at least two bars back.



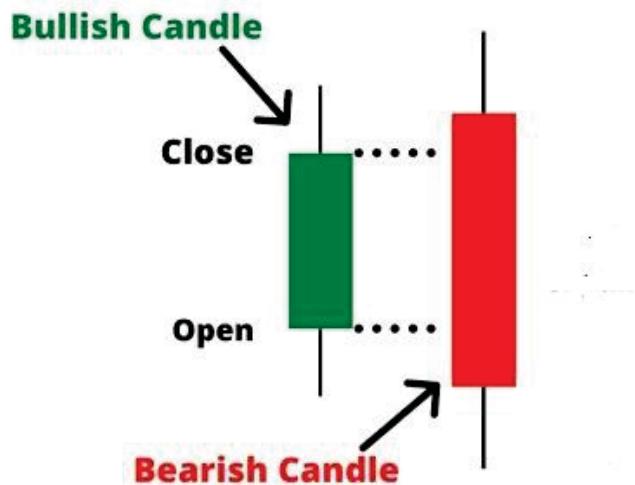
Bullish Engulfing



Bullish engulfing candlestick pattern is a **bullish reversal pattern** that occurs after a **downtrend**. In this pattern a long black (or red) candlestick comes first followed by a long white (or green) candlestick. The body of the second candlestick engulfs the body of the first candlestick, ie covers it completely.



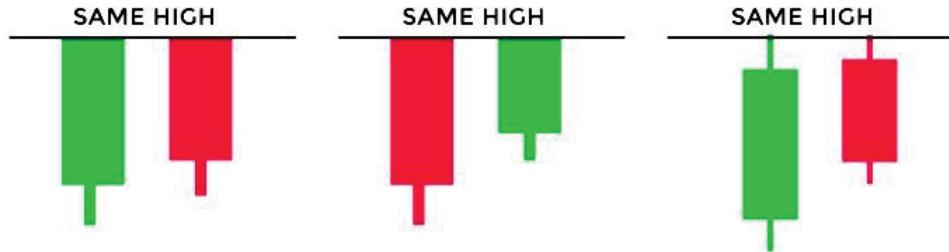
Bearish Engulfing



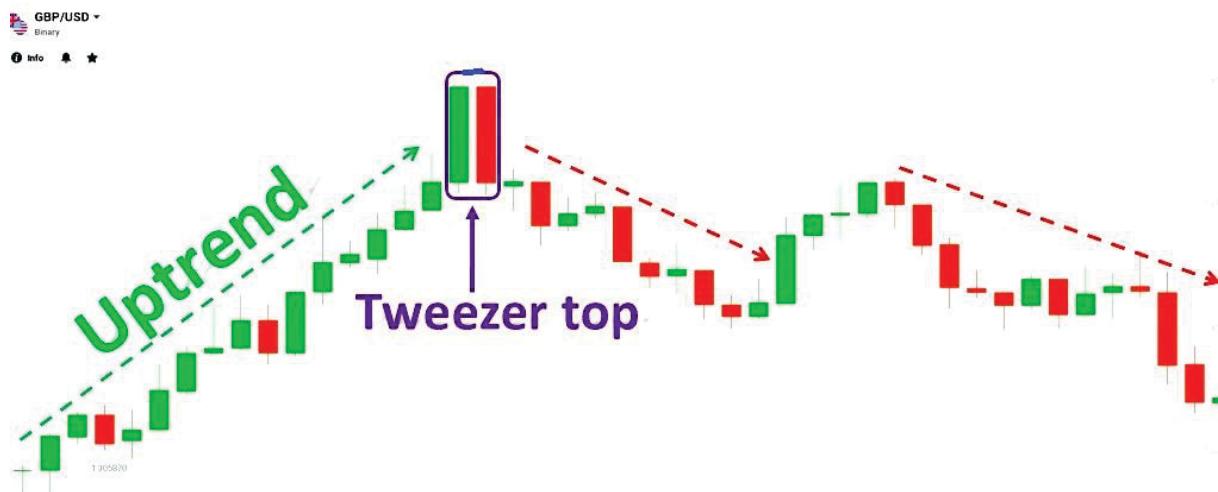
Bearish engulfing candlestick pattern is a bearish reversal pattern that occurs after an uptrend. In this pattern a long white (or green) candlestick comes first followed by a long black (or red) candlestick. The body of the second candlestick engulfs the body of the first candlestick, ie covers it completely.



Tweezer Top



The Tweezer top candlestick pattern is a bearish reversal pattern that occurs after an uptrend. In this pattern two candlesticks are together. The first candlestick is long and bullish while the second candlestick is short and bearish. The length of the upper shadows of both the candlesticks are approximately the same, hence it is called Tweezer top.



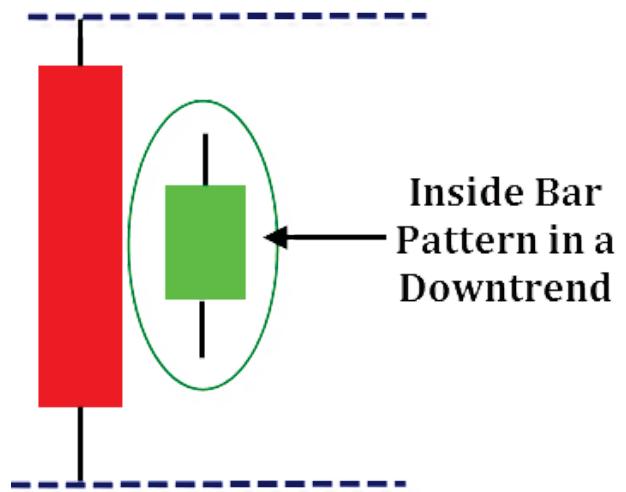
Tweezer Bottom



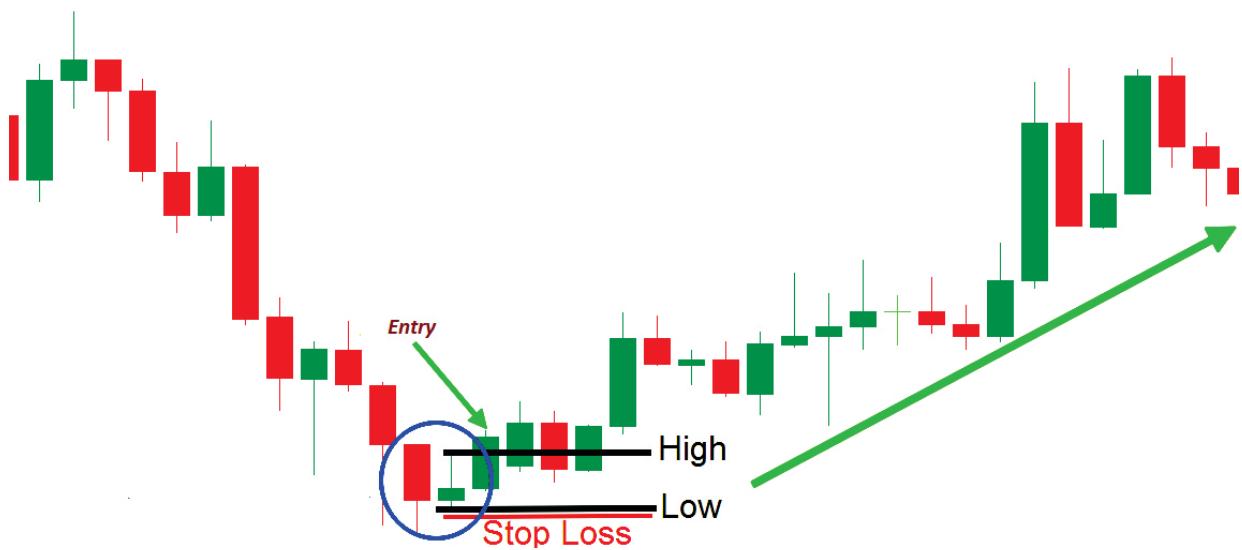
The **Tweezer bottom candlestick pattern** is a **bullish reversal pattern** that occurs after a **downtrend**. In this pattern two candlesticks are together. The first candlestick is long and bearish while the second candlestick is short and bullish. The length of the lower shadows of both the candlesticks are approximately the same, hence it is called **Tweezer bottom**.



Bullish Inside Bar



Bullish inside bar candlestick pattern is a continuation pattern that occurs in the middle of an uptrend. In this pattern, a small candlestick (inside bar) is in the middle of a long candlestick. A large bullish candlestick is followed by a small candlestick (inside bar) the next day which is inside the range of the first candlestick.



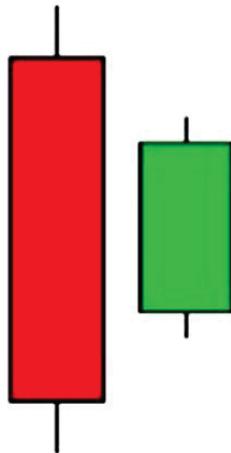
Bearish Inside Bar



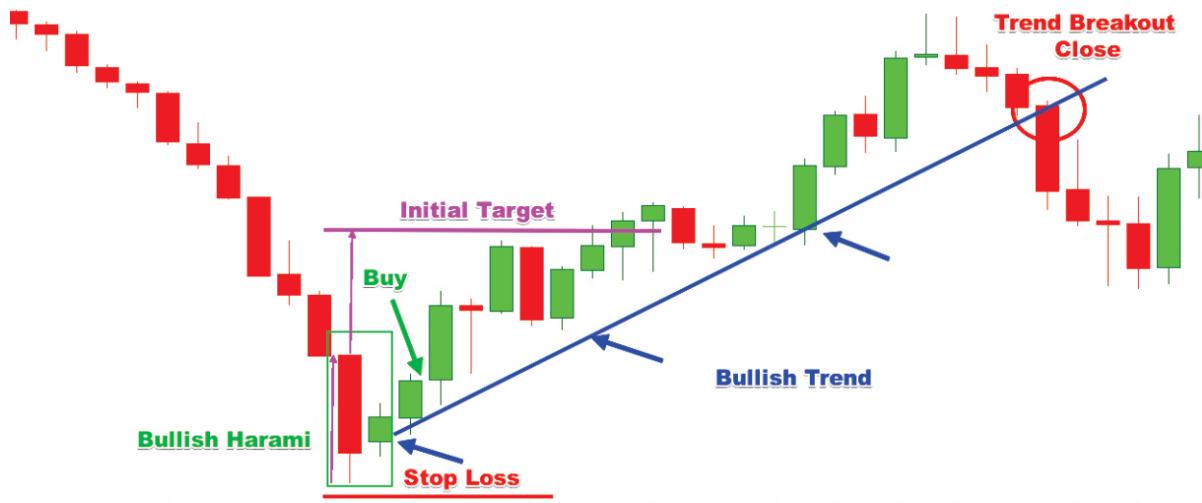
Bearish inside bar candlestick pattern is a bearish continuation pattern that occurs after an uptrend. In this pattern two candlesticks are together. The first candlestick is long and bullish while the second candlestick is short and bearish. The range between the high and low range of both the candlesticks is less than the range of the first candlestick, hence it is called inside bar.



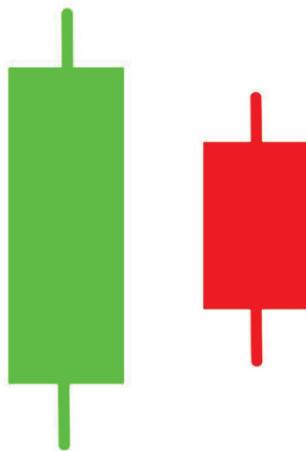
Bullish Harami



Bullish harami candlestick pattern is a reversal pattern that occurs after a downtrend. There are two candlesticks in this pattern. The first candlestick is long and bearish while the second candlestick is short and bullish. The body of the second candlestick is inside the body of the first candlestick. There is no gap between two candlesticks in this pattern, hence it is called Bullish harami.



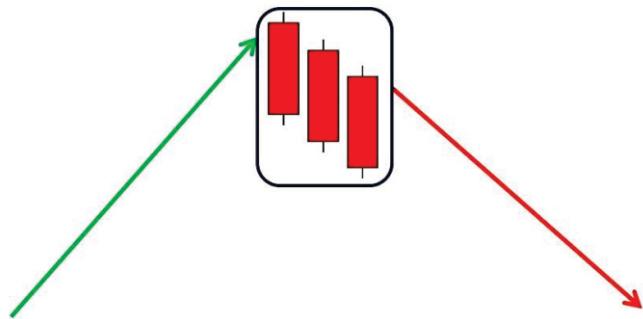
Bearish Harami



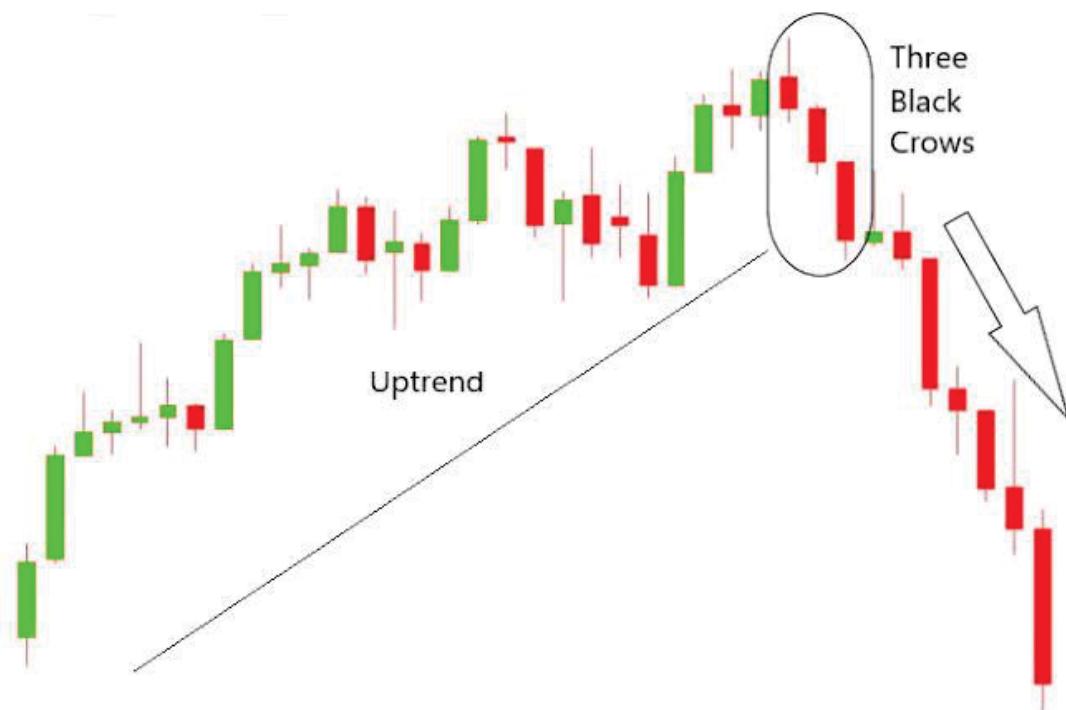
Bearish Harami candlestick pattern is a bearish reversal pattern that appears after an uptrend. In this pattern, a large bullish candlestick is followed by a small bearish candlestick which engulfs the larger bullish candlestick.



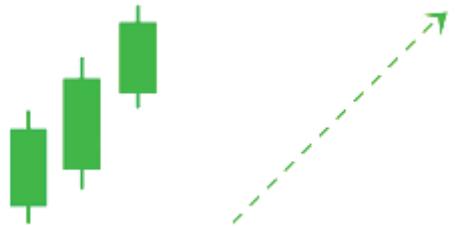
Three Black Crows



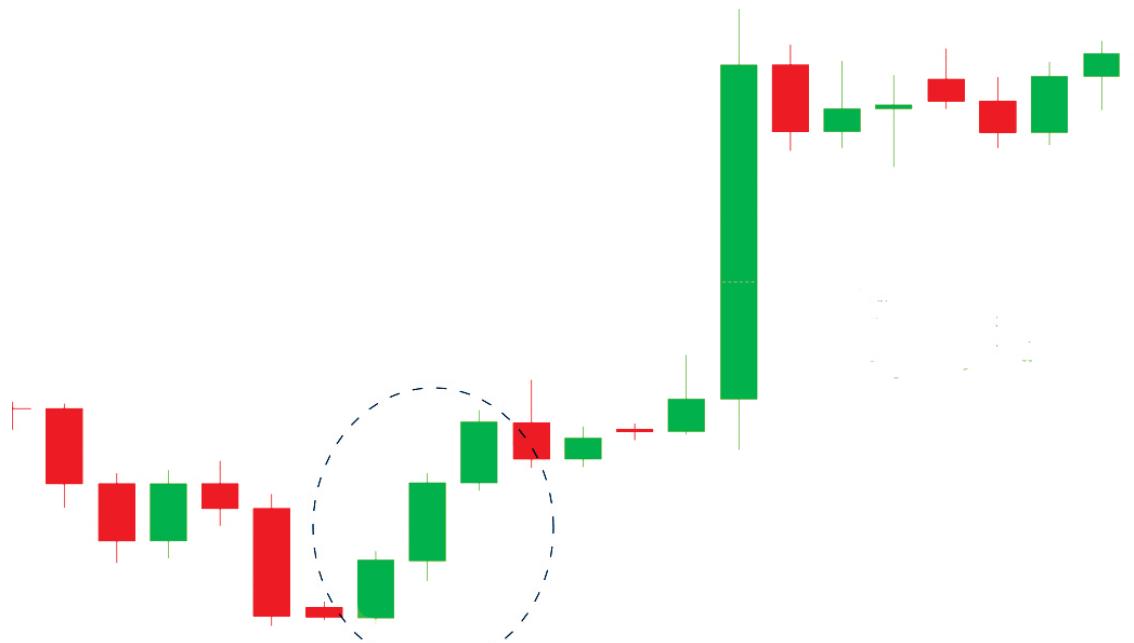
The Three black crows candlestick pattern is a bearish reversal pattern that occurs after an uptrend. In this pattern, three bearish candles come together, which appear simultaneously on the daily chart. There is also a downward gap in this pattern.



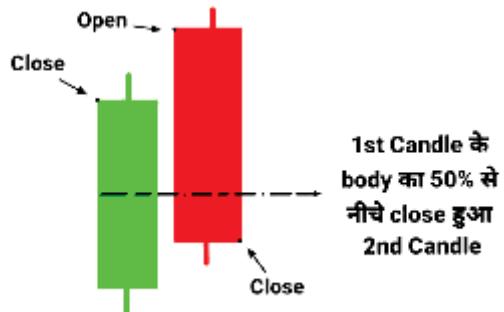
Three White Soldiers



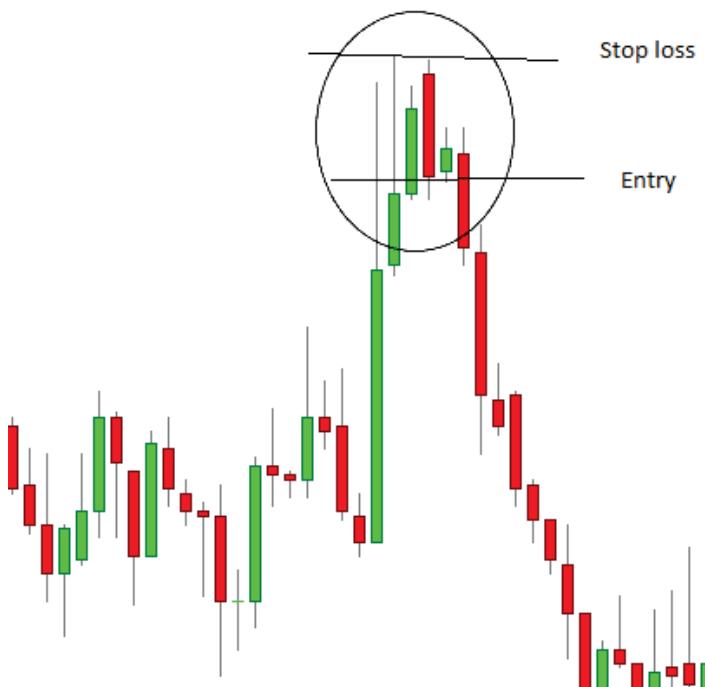
The three white soldiers candlestick pattern is a bullish reversal pattern that occurs after a downtrend. In this pattern, three white or green candles come together, which appear together on the daily chart. There is also an upward gap in this pattern.



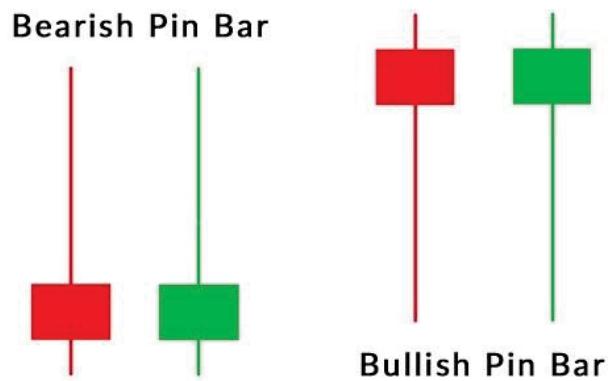
Dark Cloud Cover



Dark Cloud Cover is a bearish reversal candlestick pattern that signals a bearish trend in the presence of an uptrend coming from higher levels. In this pattern, after a bullish candlestick, there is a small gap and then a bearish candlestick that partially or completely overlaps the previous candlestick. This pattern is a normal reversal pattern.



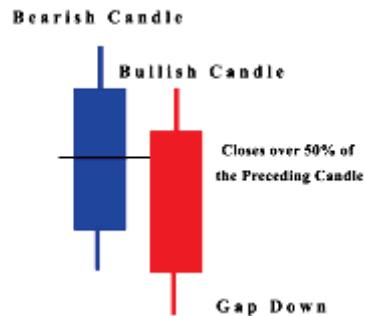
Pin Bar



Pin bar candlestick pattern is a reversal pattern which is very popular in price action trading. This pattern consists of a single candlestick with small wicks above and below it. This candlestick is called pin bar. In this pattern the wicks above and below the pin bar are much smaller than the body of the candlestick.



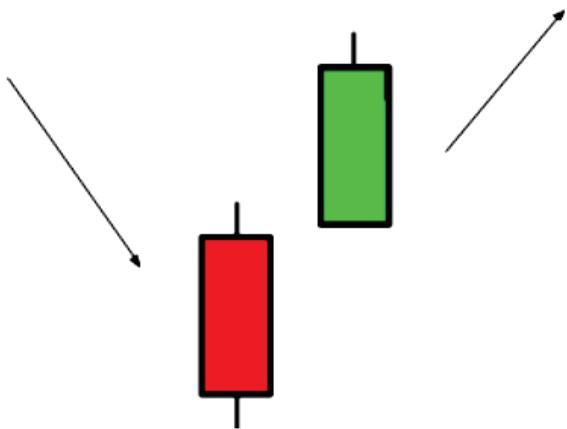
Piercing Bullish



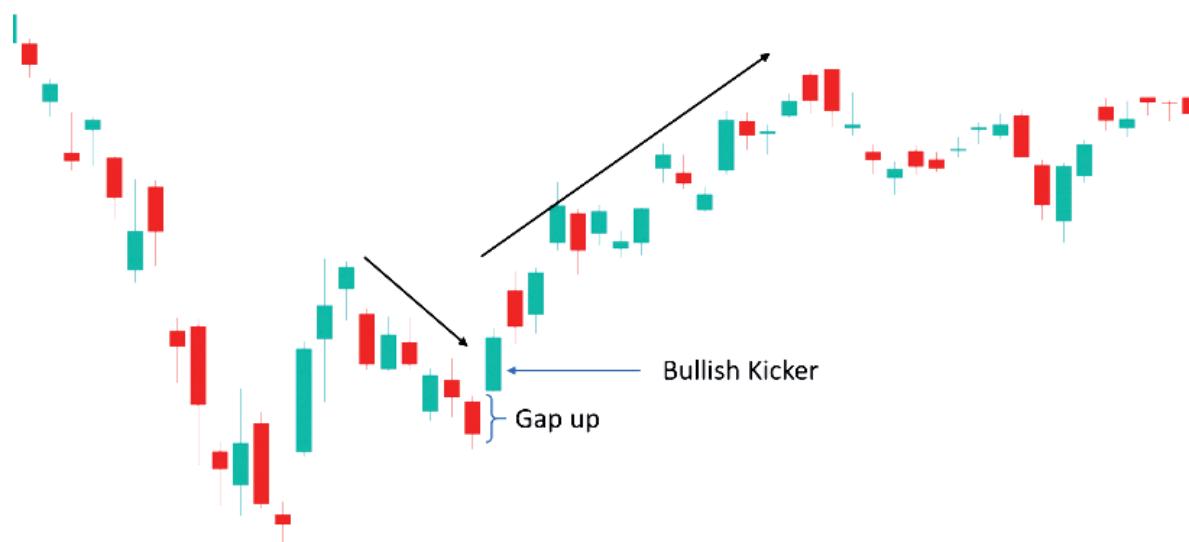
This is a Bullish reversal pattern which reverses the downtrend of the market. When the market is in a downtrend and a piercing bullish candlestick is formed, it is a strong reversal signal. In this pattern, the first candlestick is very bearish and the second candlestick forms an open and uptrend. In this pattern, the high of the share price of the second day should be at least 50% above the level of the first day. This indicates that the mood of the market is changing and now the Bullish trend is about to come.



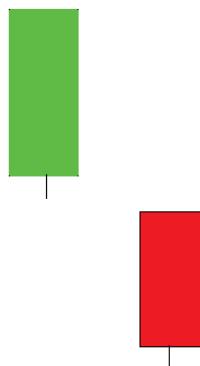
Bullish Kicker



The Bullish Kicker candlestick pattern is a bullish reversal pattern that occurs in an uptrend. The first candlestick in this pattern is a short and bearish candle that opens up and gap down. The second candlestick is a long and bullish candle that extends to the length of the first candlestick. There is a gap between both the candlesticks.



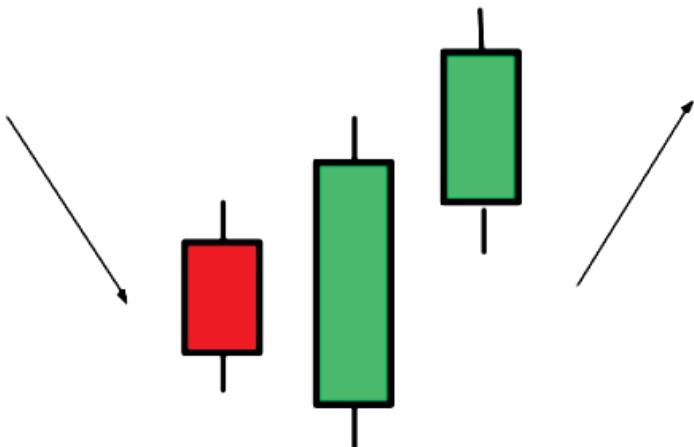
Bearish Kicker



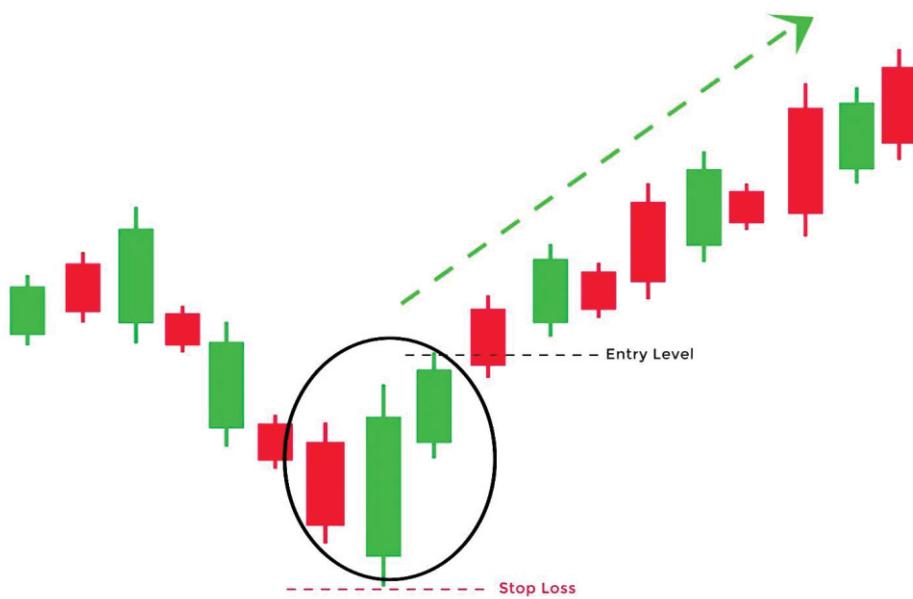
The Bearish Kicker candlestick pattern is also a reversal pattern that occurs in a downtrend. The first candlestick in this pattern is a long and bullish candle that opens up and gap up. The second candlestick is a short and bearish candle that extends to the length of the first candlestick. There is a gap between both the candlesticks.



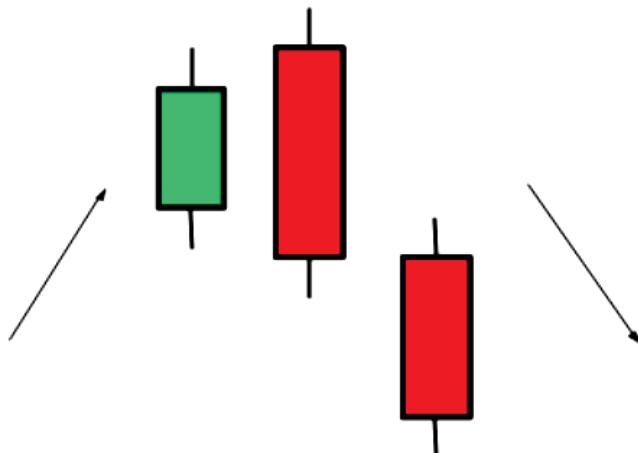
Three Outside Up



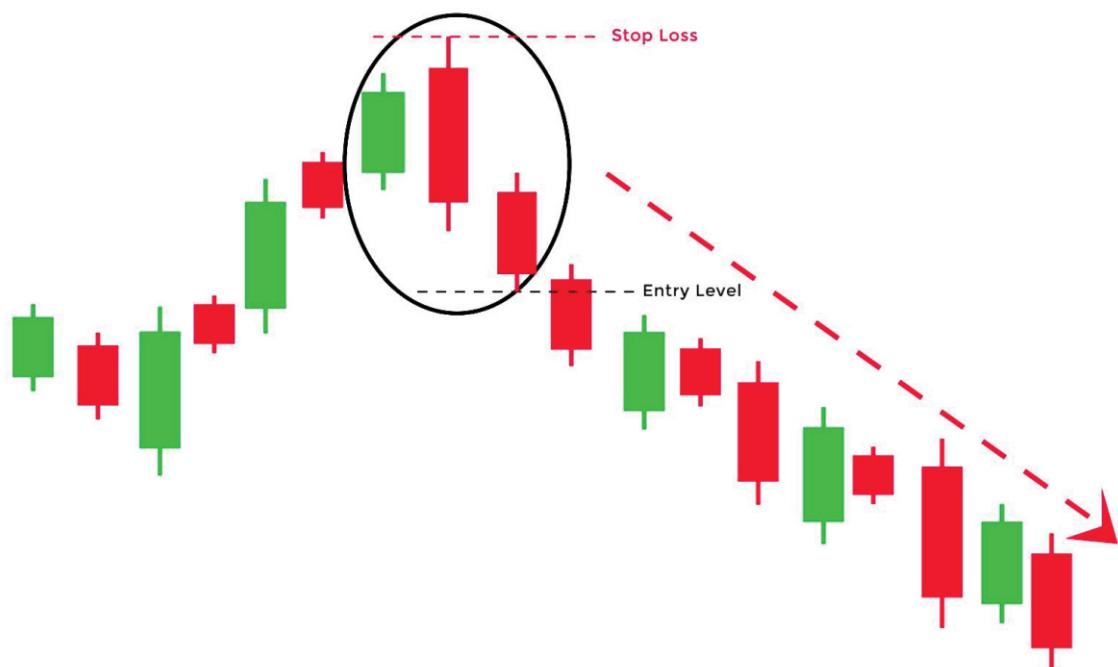
The Three Outside Up candlestick pattern is a bullish reversal pattern that occurs in a downtrend. The first candlestick in this pattern is a long bearish candle which indicates a downtrend. The second candlestick is a small bullish candle that opens above the first candlestick. The third candlestick is again a long bullish candle which extends above the first candlestick and completely covers the second candlestick. There is a gap between all the three candlesticks.



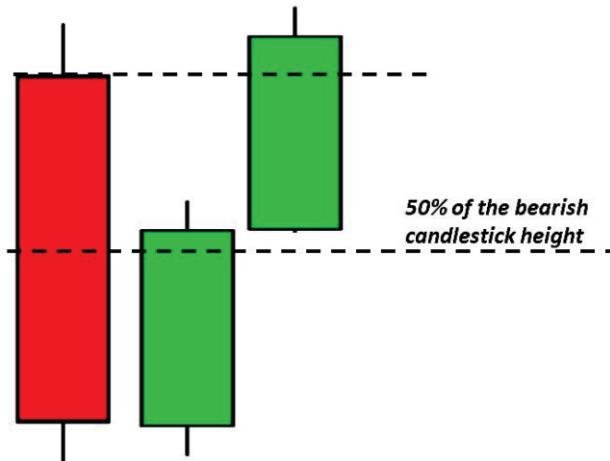
Three Outside Down



The Three Outside Down Candlestick pattern is a bearish reversal pattern that occurs in an uptrend. The first candlestick in this pattern is a long and bullish candle, indicating a strong uptrend. The second candlestick is also a bullish candle but closes after going above the first candlestick. The third candlestick is a bearish candle that opens above the second candlestick and initiates a downtrend.



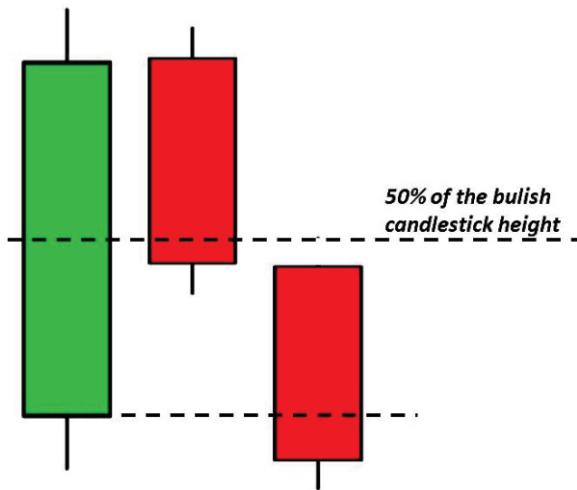
Three Inside Up



The Three Inside Up candlestick pattern is a bullish reversal pattern that occurs in a downtrend. The first candlestick in this pattern is a bearish candle which opens up and gap down. The second candlestick is a bullish candle which opens inside the range of the first candlestick and closes above its range. The third candlestick is again a bullish candle which opens above the range of the second candlestick and closes above its range.



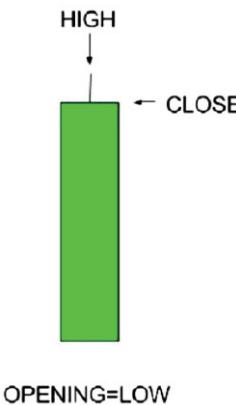
Three Inside Down



The **Three Inside Down** candlestick pattern is a bearish reversal pattern that occurs after an uptrend. There are three candlesticks in this pattern. The first candlestick is long and bullish while the second and third candlesticks are short and bearish. The length of the upper and lower shadows of the second and third candlesticks is short while the body is short, hence it is called **Three Inside Down**.



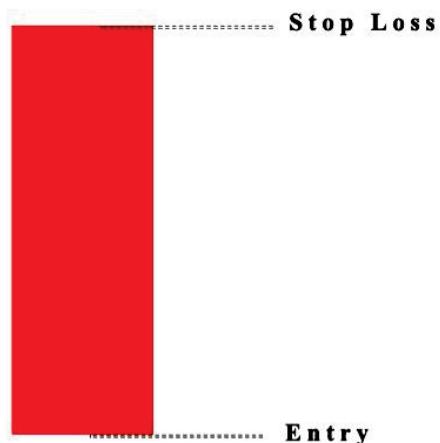
Bullish Marubozu



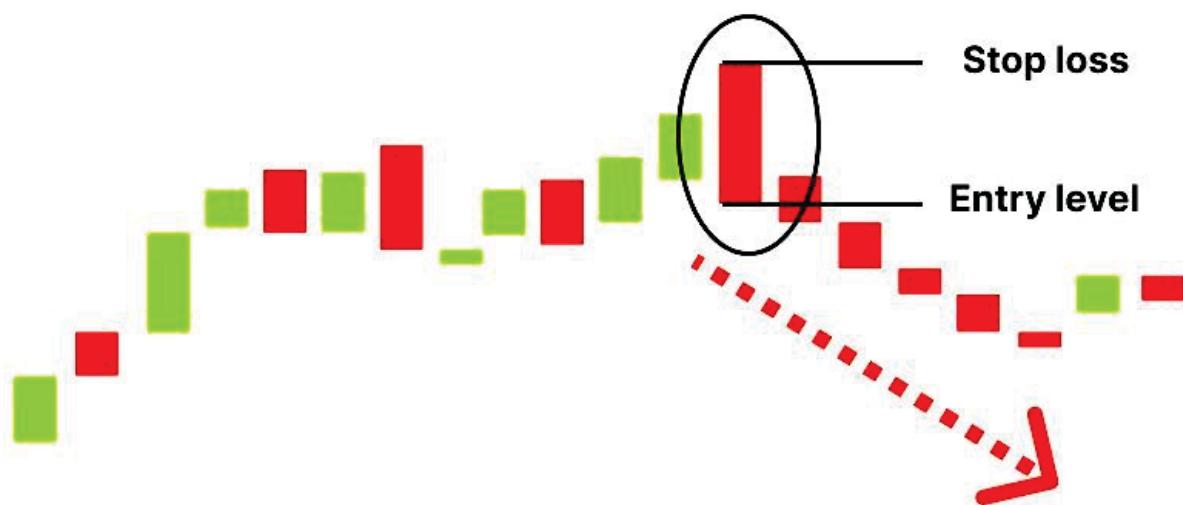
The Bullish Marubozu candlestick pattern is a strong bullish pattern that occurs when the market is in an unstoppable uptrend. In this pattern, there is a single candlestick which has neither an upper shadow nor a lower shadow. This candlestick moves from the open price to the high price with a solid body.



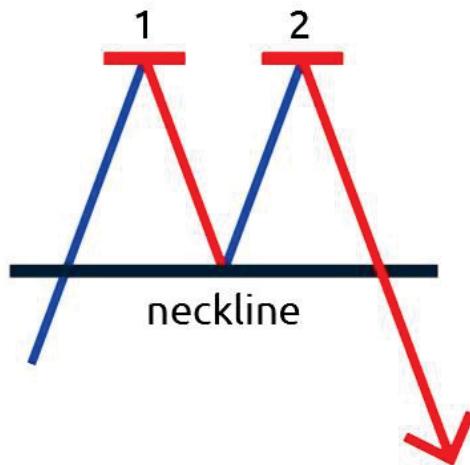
Bearish Marubozu



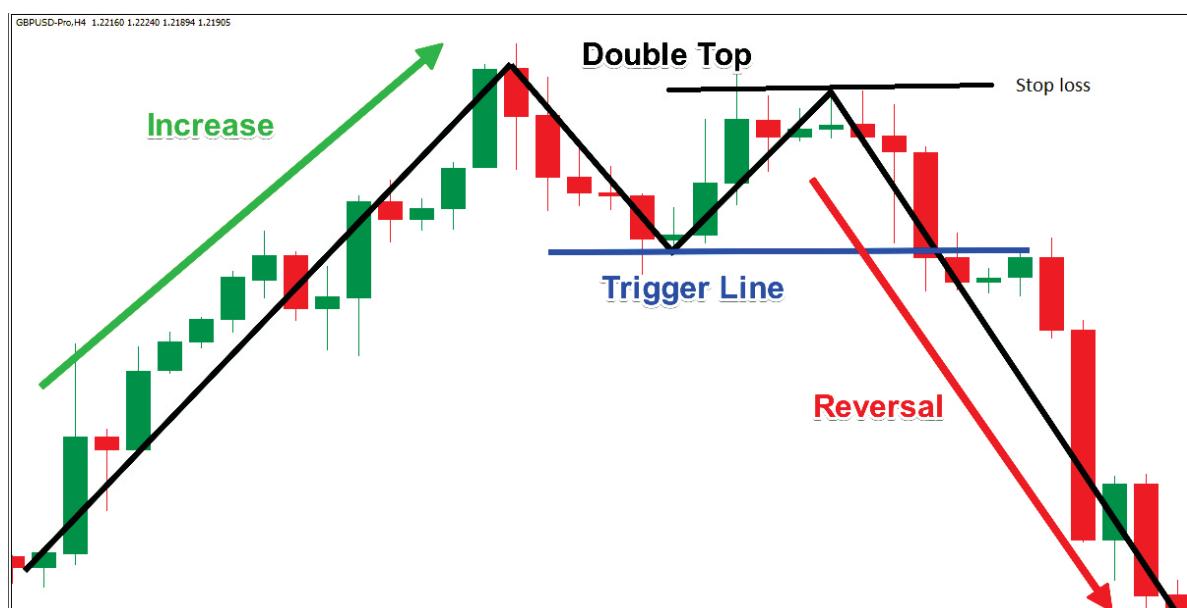
Bearish Marubozu candlestick pattern is a strong bearish pattern that occurs when the market is in an unstoppable downtrend. In this pattern, there is a single candlestick which has neither an upper shadow nor a lower shadow. This candlestick moves from the open price to the low price with a solid body.



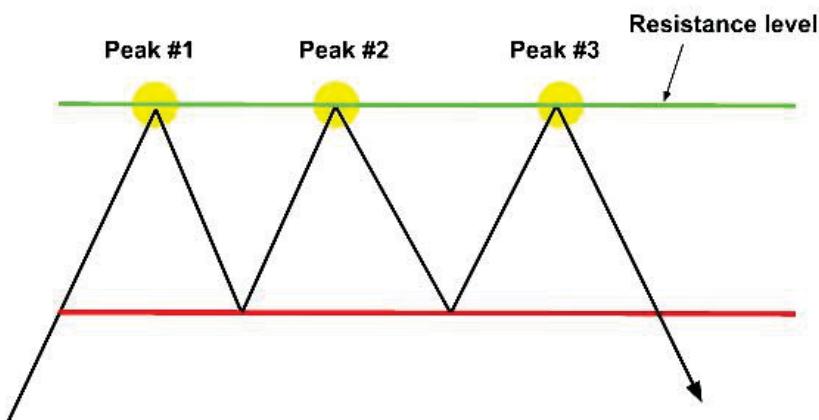
Double Top Pattern



Double top pattern is a bearish reversal pattern that is seen after an uptrend. In this pattern, the price goes up twice but comes down again from the same level. This pattern is identified by two high peaks or tops which are almost at the same level. After this the price starts going in a downtrend.



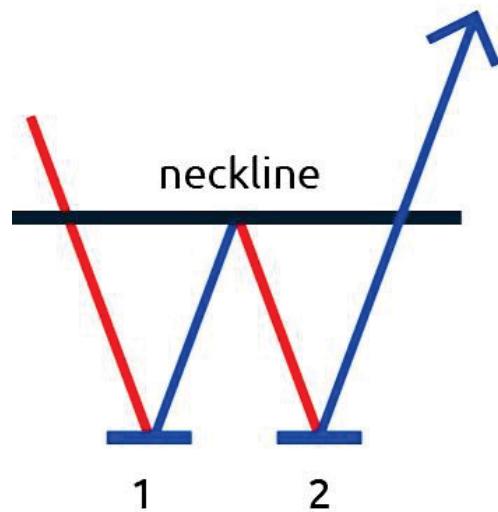
Triple Top Pattern



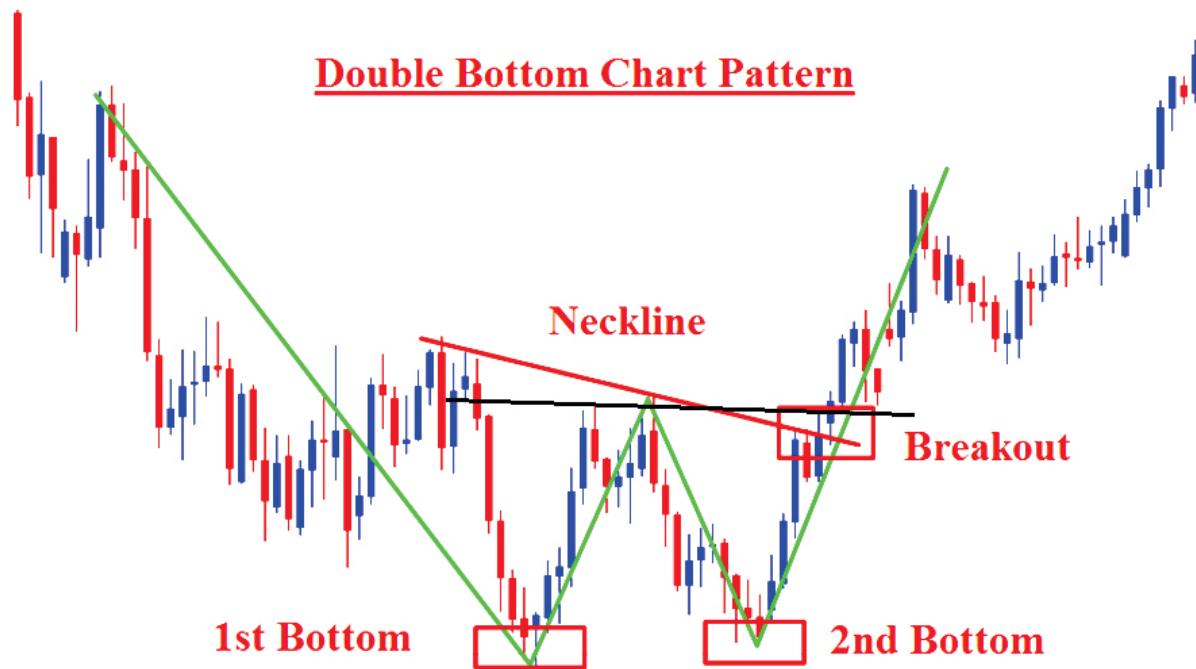
Triple top pattern is also a bearish reversal pattern like double top pattern which is seen after an uptrend. In this pattern, the price goes up to the same level three times but again comes down from the same level again. In this pattern, three peaks or tops are almost at the same level and it shows the support level between the three peaks.



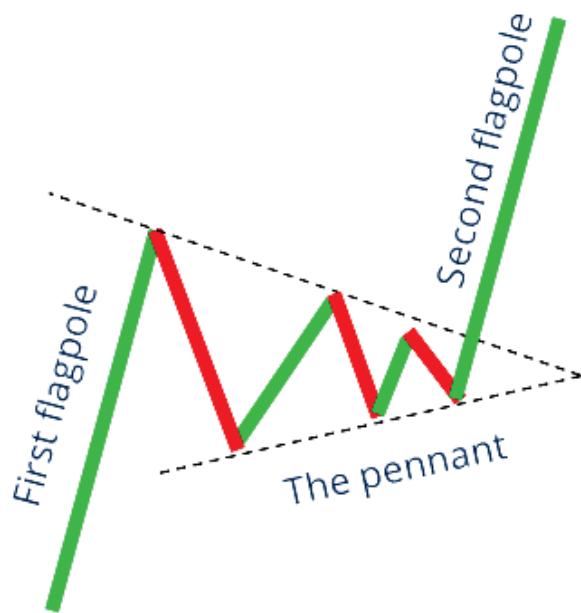
Double Bottom Pattern



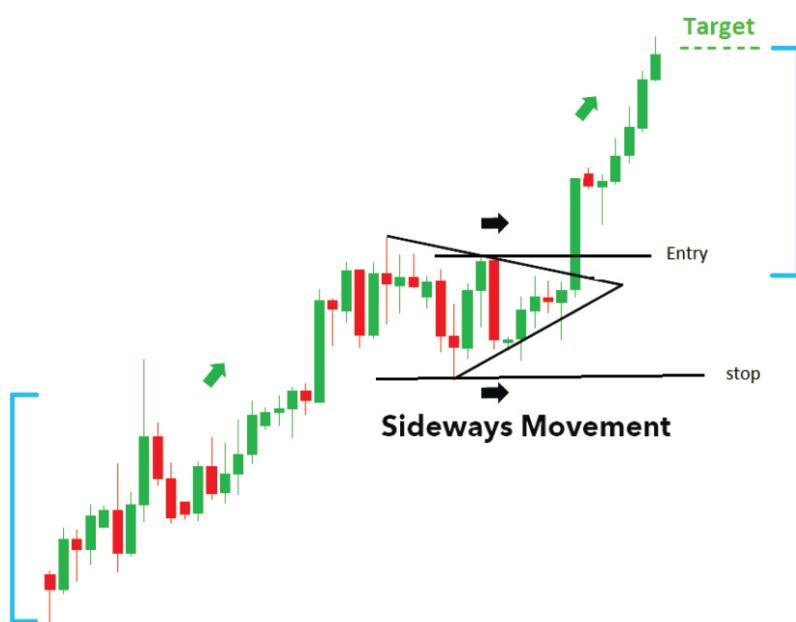
Double bottom pattern is a **bullish reversal pattern** that is seen after a **downtrend**. In this pattern, the price goes down twice but then goes up again from the same level. This pattern is identified by two bottoms which are almost at the same level. After this the price starts going in an **uptrend**.



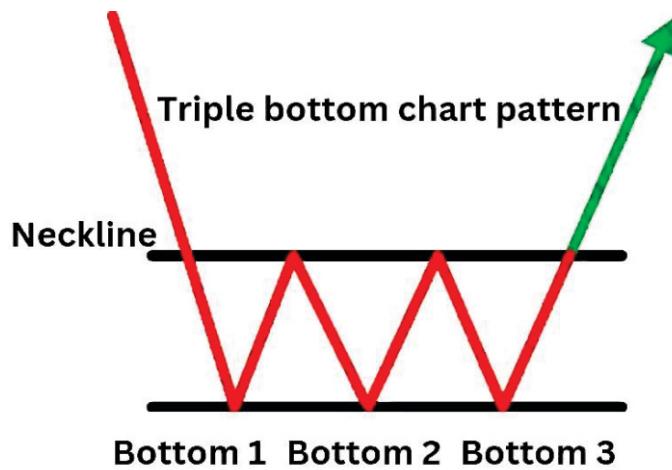
Bullish Pennant



Bullish pennant pattern is a continuation pattern that is seen in the middle of an uptrend. In this pattern, there is a rapid upward movement in the price, followed by a consolidation phase which appears in a triangle shape. After this the price starts going up again with the same uptrend.



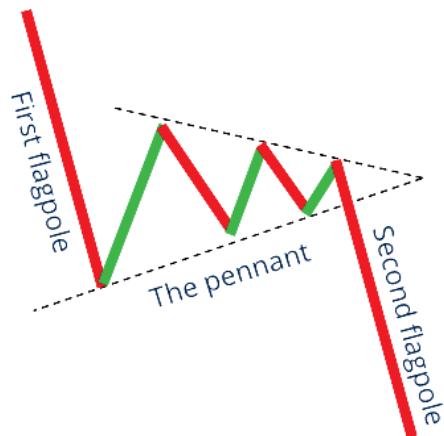
Triple Bottom



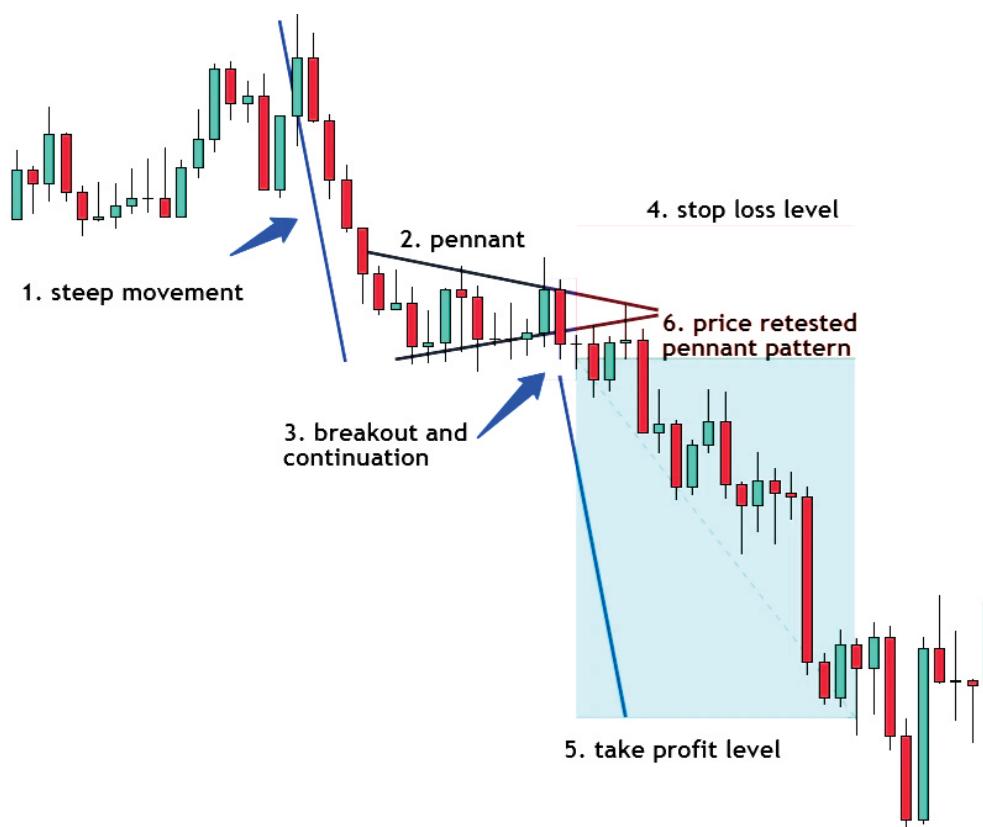
The triple bottom pattern is a reversal pattern that appears at the end of a downtrend. In this pattern, there is a three bar bottom formation in the price which is identical. After this the price starts going up.



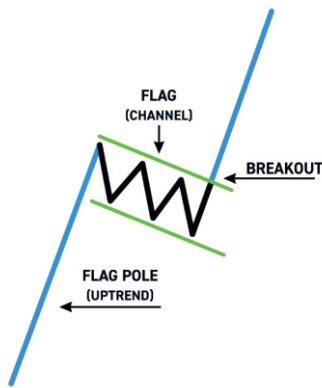
Bearish Pennant



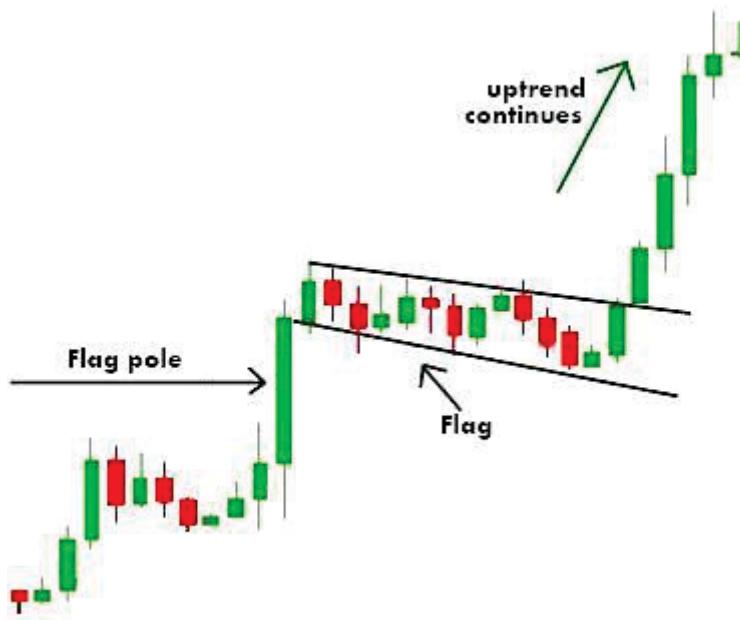
Bearish pennant pattern is a bearish continuation pattern that is seen in a downtrend. In this pattern, a downward trend is seen in the price and then a sideways movement starts which appears as a triangle pattern. The bottom line of this triangle is called the support line, which is a straight line.



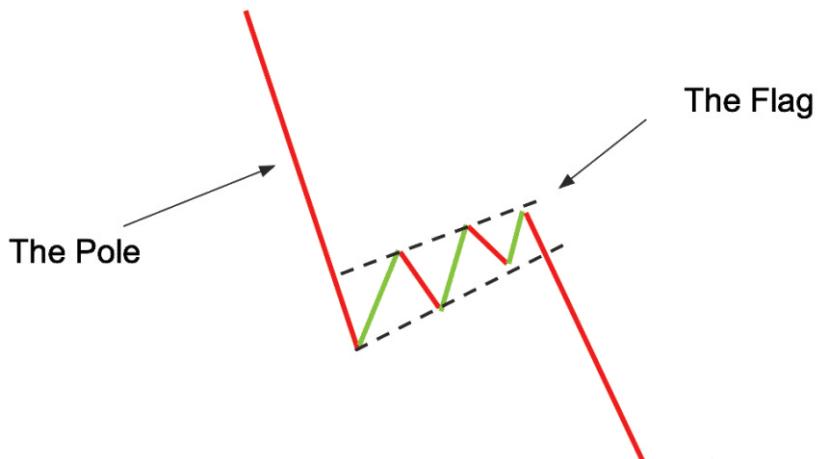
Bullish Flag Pattern



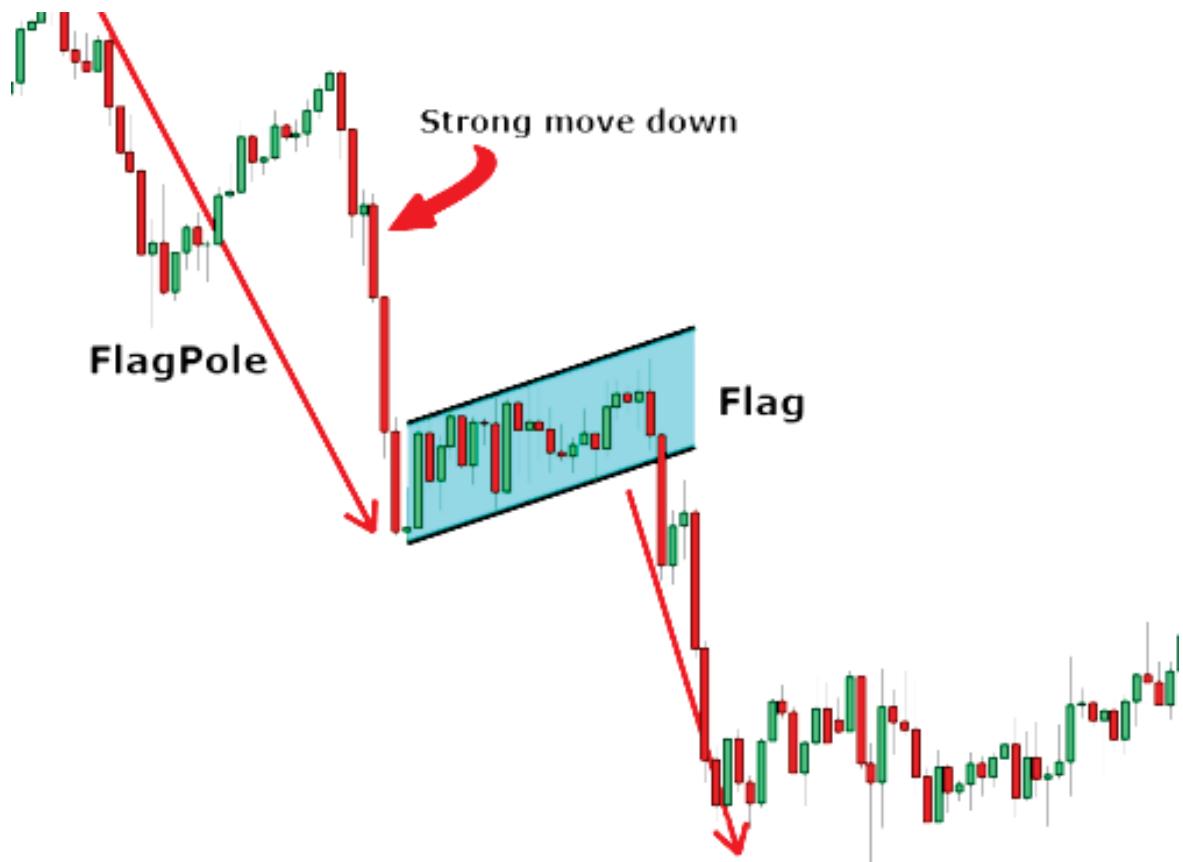
Bullish flag pattern is a continuation pattern which is seen in an uptrend. In this pattern, an upward trend is observed in the price and then a sideways movement begins which appears as a rectangular shape. The top line of this rectangle is called the resistance line which is a straight line.



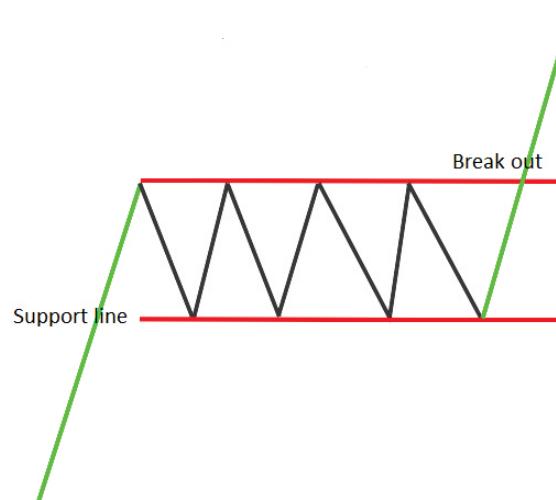
Bearish Flag



Bearish flag pattern is a bearish continuation pattern that is seen in a downtrend. In this pattern, a downward trend is seen in the price and then a sideways movement starts which appears as a flag pattern. The bottom line of this flag pattern is called the support line, which is a straight line.



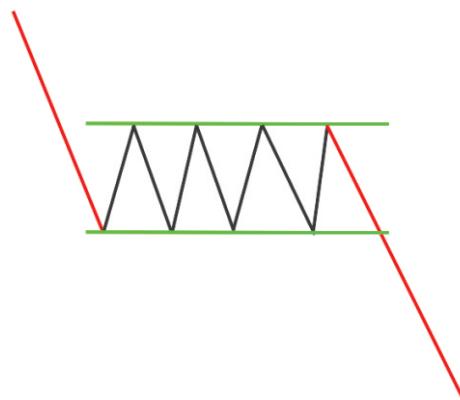
Bullish Rectangle



Bullish rectangle pattern is a continuation pattern which is seen in uptrend. In this pattern, an uptrend is observed in the price and then a consolidation phase begins which appears as a rectangle pattern. The resistance line of this rectangle pattern is called the upper trendline and the support line is called the lower trendline.



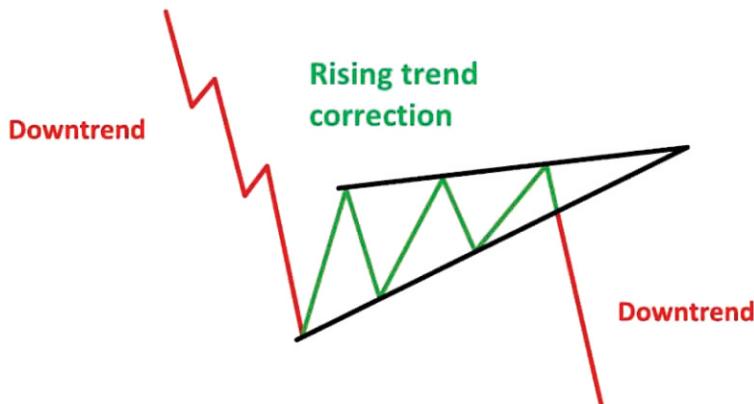
Bearish Rectangle



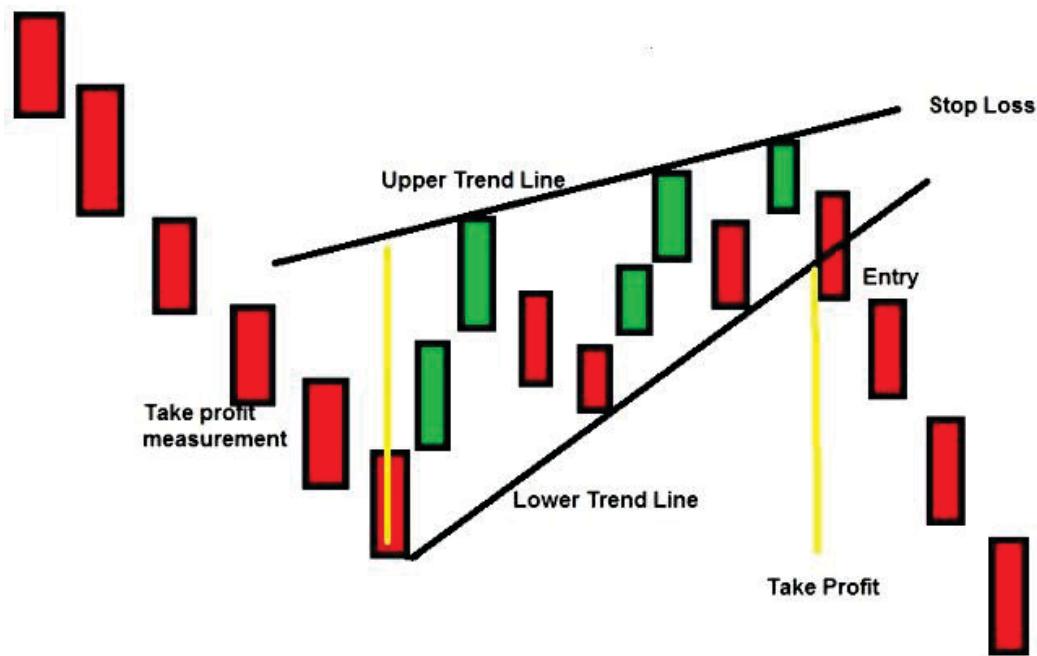
Bearish rectangle pattern is a bearish continuation pattern that appears in the price chart. In this pattern, the price shows a downtrend and then starts a sideways movement in the form of a rectangle. The upper and lower limits of this rectangle pattern are called resistance and support lines.



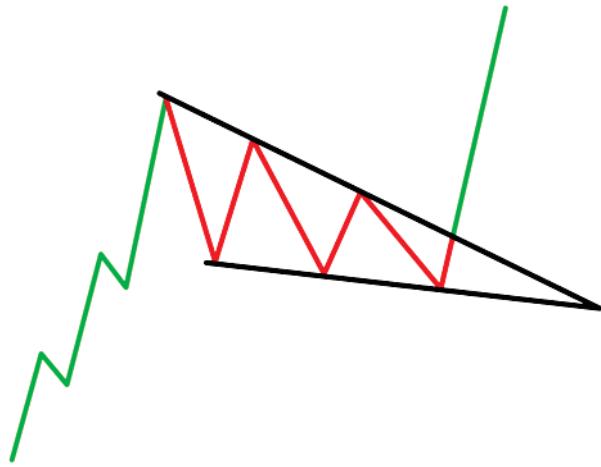
Rising Wedge



Rising wedge pattern is a bearish reversal pattern that appears in the price chart. In this pattern, the price shows an uptrend and then starts an upward movement in the form of a wedge. The upper and lower limits of this wedge pattern are called resistance and support lines.



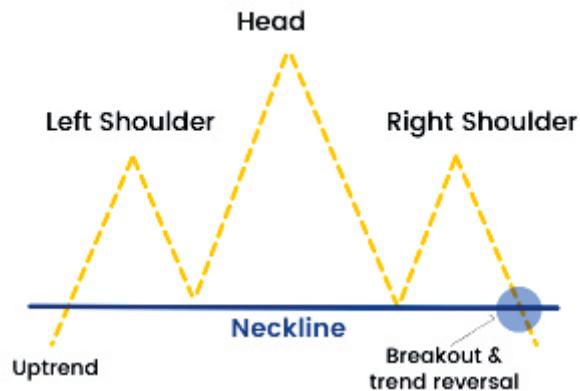
Falling Wedge



Falling wedge pattern is a bullish reversal pattern that appears in the price chart. In this pattern, the price shows a downtrend and consolidates in the form of a wedge. In this pattern, the upper limit and the lower limit are made up of a trendline with the same slope.



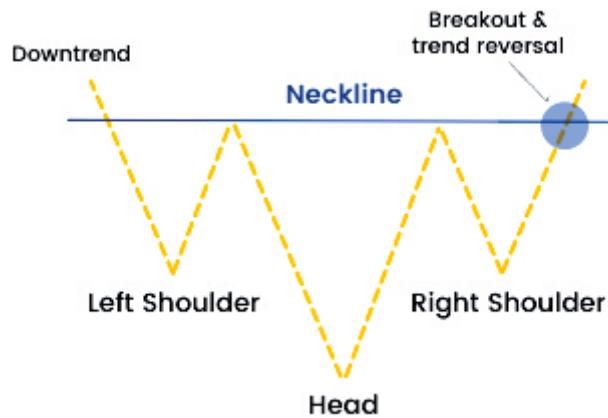
Head and Shoulders



The Head and Shoulders pattern is a bearish reversal pattern that appears in the price chart. In this pattern, the price shows an uptrend and a unified top with three peaks is formed, which is called the head. The peaks on either side of it are called shoulders.



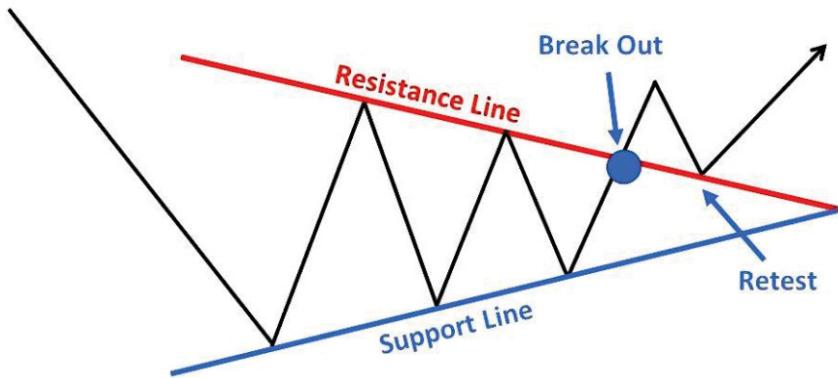
Inverted Head and Shoulders



Inverted head and shoulders pattern is a bullish reversal pattern that appears in the price chart. In this pattern, there is a downtrend in the price which appears as an inverted head and shoulders pattern. In this pattern, there are three bottoms where the middle bottom is higher than both the ends.



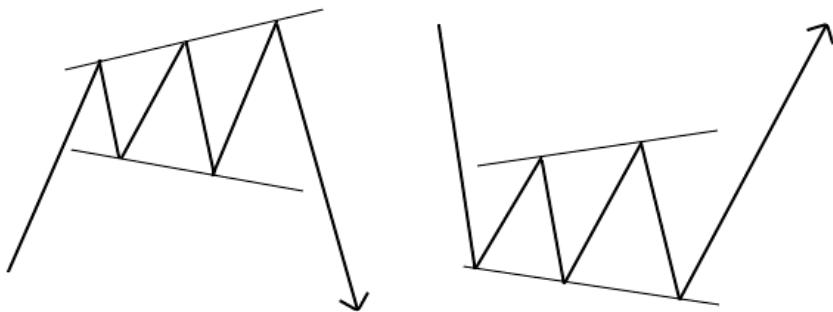
Symmetrical Triangle



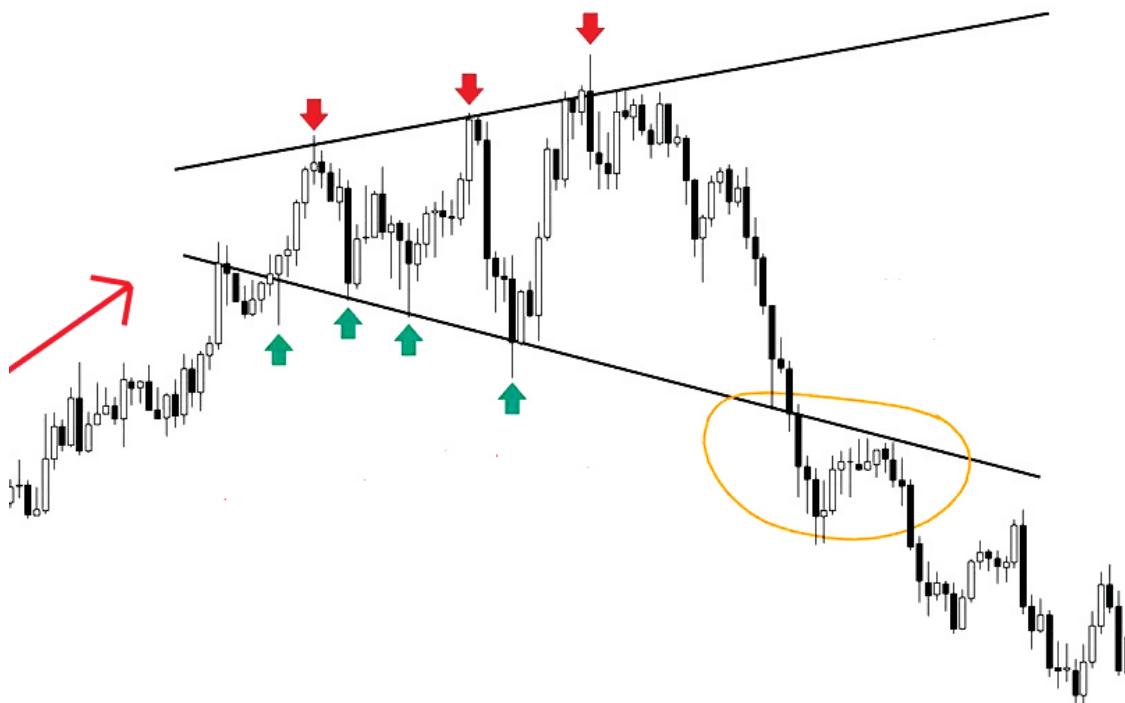
Symmetrical triangle pattern is a continuation pattern seen in the price chart. In this pattern, there is a consolidation in the price which is formed in the form of a triangle. In this pattern, the upper trendline and the lower trendline have the same slope.



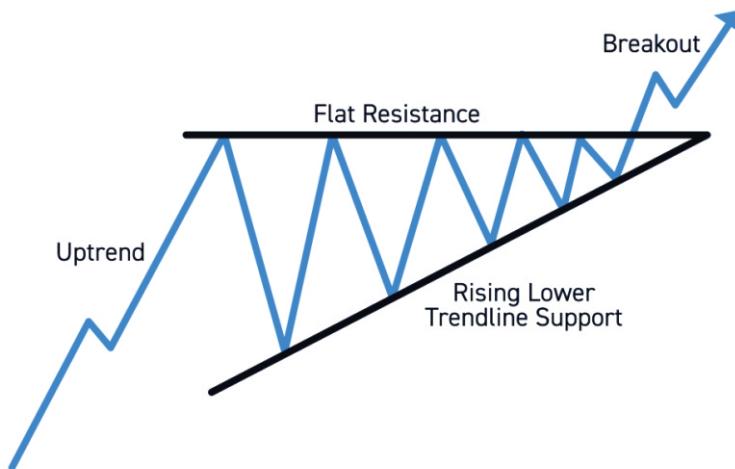
Broadening Triangle



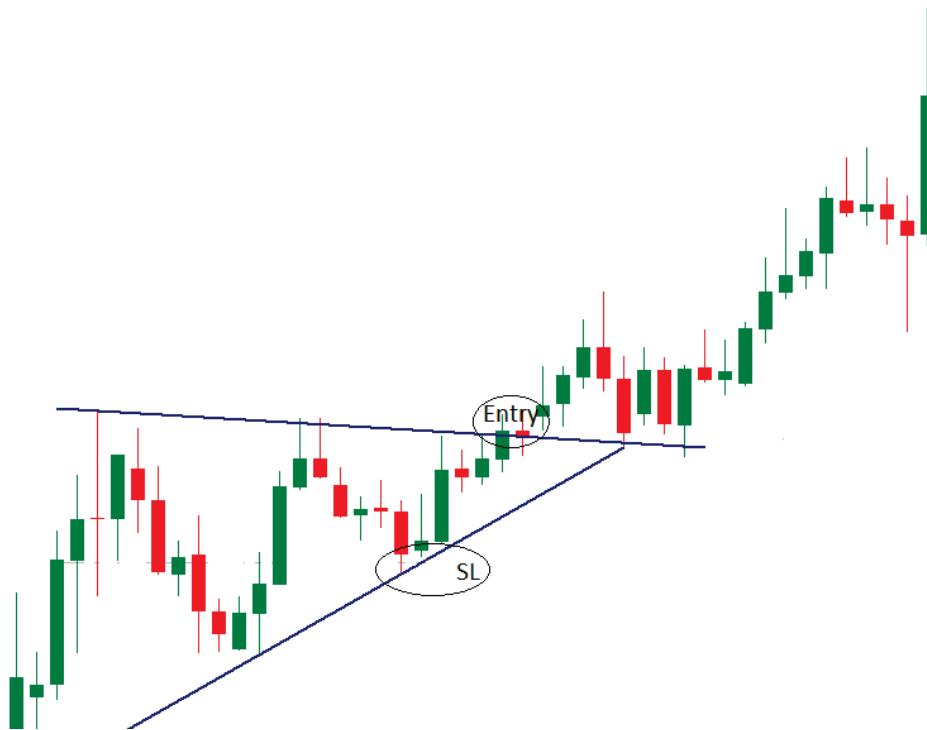
Broadening triangle pattern is a volatile pattern that appears in the price chart. In this pattern, there is an uptrend in the price but the range of the price increases. In this pattern, the slope of the upper limit and the lower limit are opposite to each other.



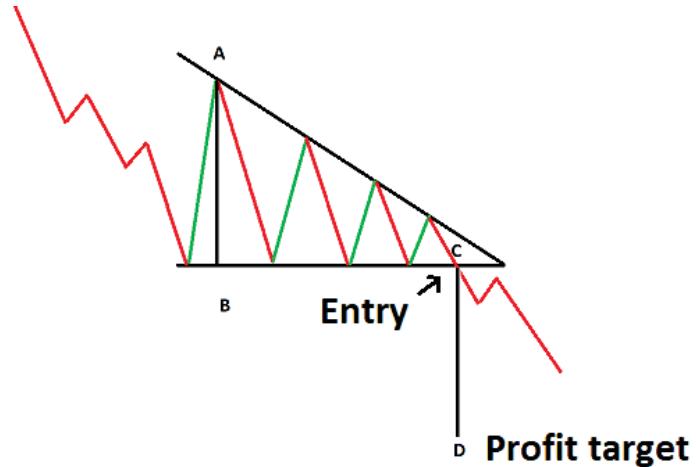
Ascending Triangle



The Ascending triangle pattern is a bullish continuation pattern that appears in the price chart. In this pattern, the price shows an uptrend and consolidates in the form of a triangle. In this pattern, the upper limit is always at a fixed level while the lower limit moves higher.



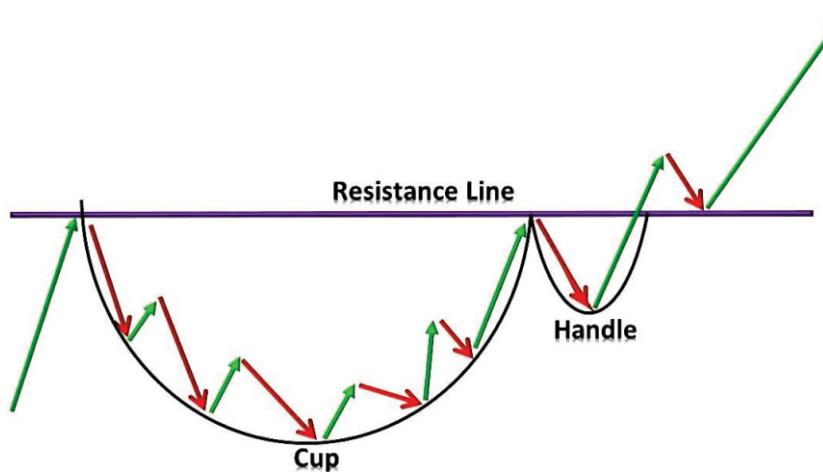
Descending Triangle



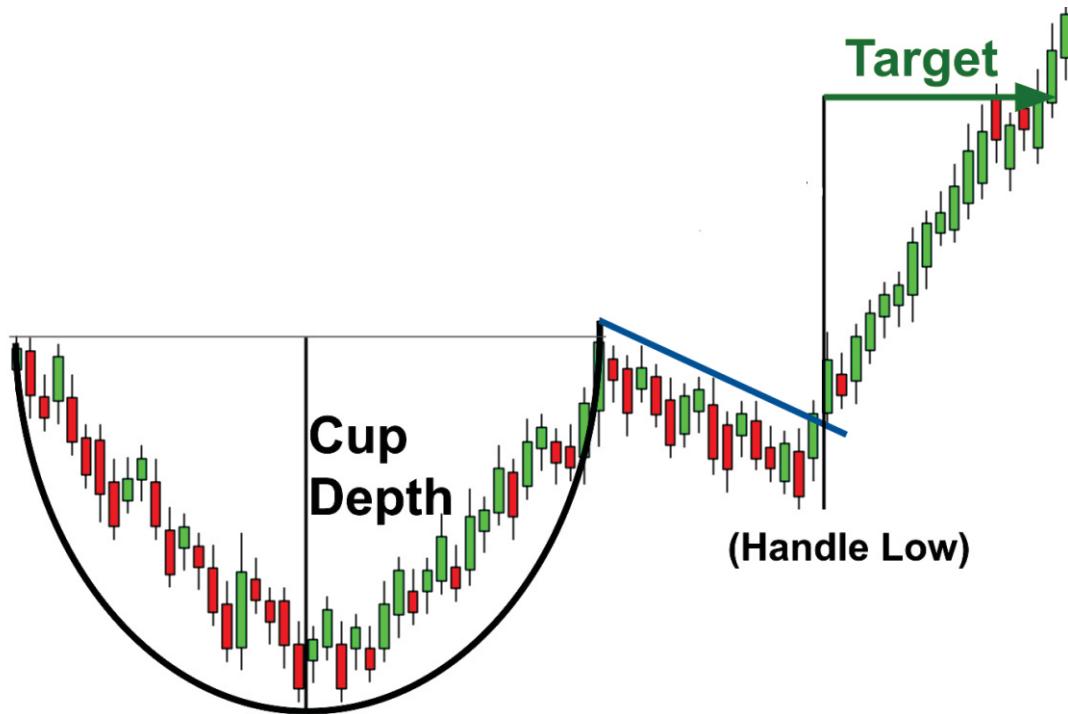
The descending triangle pattern is a bearish continuation pattern that appears in the price chart. In this pattern, the price shows a downtrend and consolidates in the form of a triangle. In this pattern, the upper boundary is always flat, while the lower boundary is downward sloping.



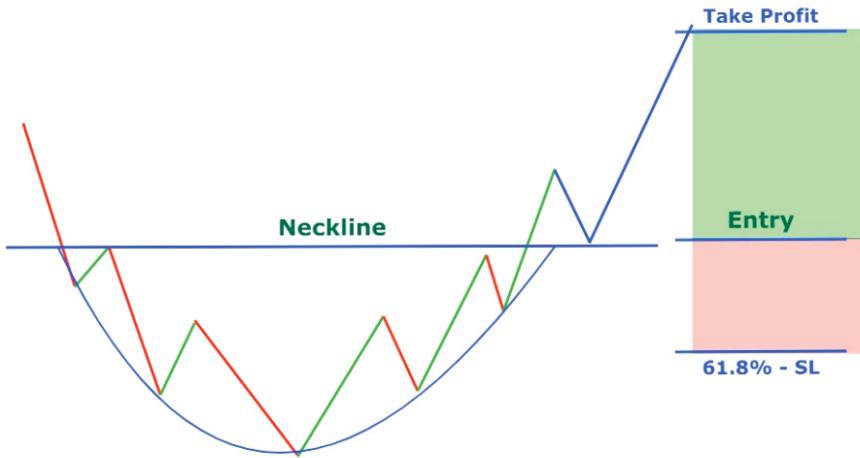
Cup and Handle



Cup and handle pattern is a bullish continuation pattern that appears in the price chart. In this pattern, there is a long-term uptrend in the price and a cup-like shape is formed in it, in which there is a downward correction in the price. Then after the cup, a small consolidation appears in the price which is known as the handle.



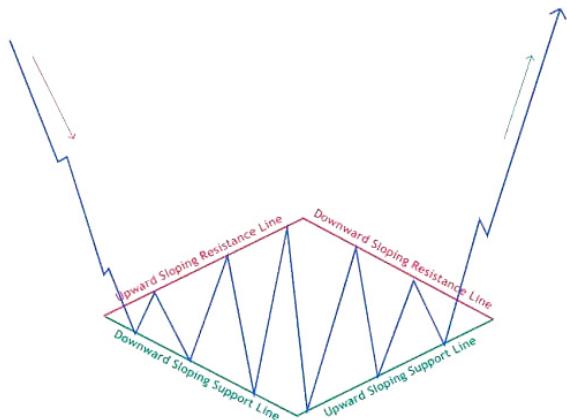
Rounding Bottom



Rounding bottom pattern is a bullish reversal pattern that appears in the price chart. In this pattern, there is a downtrend in the price which gradually turns into an uptrend forming a round bottom-like shape.



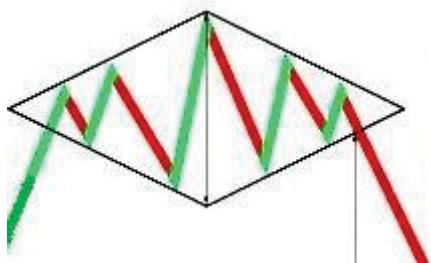
Diamond Bottom



Diamond bottom pattern is a bullish reversal pattern that appears in the price chart. In this pattern, the price shows a downtrend and consolidates in the form of a diamond shape. In this pattern, the upper triangle and the lower triangle are made up of a trendline with the same slope as well as a horizontal trendline forming between the prices.



Diamond Top



Diamond top pattern is a bearish reversal pattern that appears in the price chart. In this pattern, after an upward move in the price, a diamond shaped pattern is formed. In this pattern, the price level consolidates in the area between the upper limit and the lower limit.



Trading Psychology Tips

Trading psychology is an essential aspect of successful trading, and developing a strong mindset is crucial for traders to overcome challenges, control emotions, and make effective decisions. Here are some trading psychology tips:

1. **Manage your emotions:** Fear and greed are the two most common emotions that can affect traders' decision-making. It is important to stay calm, rational, and objective in your trading decisions.
2. **Have a trading plan:** Create a detailed trading plan that includes your trading goals, strategies, risk management rules, and a clear exit strategy.
3. **Practice discipline:** Follow your trading plan and avoid impulsive decisions. Discipline is critical to achieving long-term success in trading.
4. **Maintain a positive attitude:** Stay optimistic and believe in yourself. Trading can be challenging, but with a positive mindset, you can overcome obstacles and learn from your mistakes.
5. **Manage your risk:** Don't risk more than you can afford to lose, and use proper risk management techniques like stop-loss orders and position sizing.
6. **Learn from your mistakes:** Analyze your trading results and learn from your mistakes. Keep a trading journal to record your trades and evaluate your performance regularly.
7. **Be patient:** Trading requires patience and persistence. Don't expect to make quick profits overnight, and be prepared to invest time and effort to achieve your trading goals.

Notes