

Deepseek Chat

I want to know all (basic/advance) about all thr candlesticks patterns in forex trading in the context of buy and sell and which descion we have to make if we saw in the market and each pattern should be covered these points

Actul pattern

Location either resistance or supply

Why this formed

How long it will stay

Which time filters we shd use to analyze this

Where to enter and exit based on this and with example . Clearly say where to put stop loos and take profit and slots size , RR, and also how to use position index web site with this

Pips calculation base on each pattern

Any other things which you think important

Also i need good examples in each pattern

Make this as a good document type style so I can refer letter

And I want all patterns at once so provide me details of all here

Comprehensive Guide to Candlestick Patterns in Forex Trading

This document covers **all major candlestick patterns** used in forex trading , including their **formation, location (support/resistance), timeframes , entry/exit strategies , stop loss, take profit, risk-reward ratio (RR), position sizing, and real-world examples** .

1. Bullish & Bearish Engulfing Patterns

Actual Pattern

- **Bullish Engulfing:** A small bearish candle followed by a larger bullish candle that completely engulfs the previous candle

- **Bearish Engulfing:** A small bullish candle followed by a larger bearish candle that completely engulfs the previous candle .

Location (Support/Resistance)

- **Bullish Engulfing:** Forms near **support** or after a downtrend .
- **Bearish Engulfing:** Forms near **resistance** or after an uptrend .

Why This Forms

- Shows a **strong reversal** in market sentiment .
- Buyers (bullish) or sellers (bearish) take control aggressively .

How Long It Stays

- Typically valid for **1-4 candles** (depending on timeframe).

Timeframe Filters

- Best on **H1, H4, Daily** charts for reliability .

Entry & Exit Strategy

- **Bullish Engulfing:**
 - **Entry:** After the engulfing candle closes , go **long**.
 - **Stop Loss:** Below the low of the engulfing candle .
 - **Take Profit:** 1:2 or 1:3 RR(e.g., 100 pips SL → 200 -300 pips TP).
- **Bearish Engulfing:**
 - **Entry:** After the engulfing candle closes , go **short**.
 - **Stop Loss:** Above the high of the engulfing candle .
 - **Take Profit:** 1:2 or 1:3 RR.

Example (EUR/USD - H4 Chart)

- Bearish Engulfing at **1.1200 (resistance)** → Price drops **150 pips**.
- **SL:** 1.1230(30 pips) , **TP:** 1.1050(150 pips).

Position Size & RR

- Risk **1% per trade** , e.g., \$1,000 account → \$10 risk.
- If **SL = 30 pips** → **Lot size = 0.33 micro lots** ($30 \text{ pips} \times \$0.33 = \10).

Using Position Index (TradingView /MT4)

- Check if **majority of traders are long** when you see a bearish engulfing → Higher chance of reversal.
-

2. Hammer & Hanging Man

Actual Pattern

- **Hammer (Bullish)**: Small body , long lower wick , little /no upper wick .
- **Hanging Man (Bearish)**: Same as hammer but after an uptrend .

Location

- **Hammer**: Near **support** or downtrend .
- **Hanging Man**: Near **resistance** or uptrend .

Why This Forms

- **Hammer**: Sellers push price down , but buyers reverse it.
- **Hanging Man**: Buyers lose control , sellers step in.

Timeframe Filters

- Works best on **H4, Daily**.

Entry & Exit

- **Hammer** :
 - **Entry**: After confirmation (next candle bullish).
 - **SL**: Below the hammer's low.
 - **TP**: 1:2 RR
- **Hanging Man** :
 - **Entry**: After next candle confirms bearish move .
 - **SL**: Above the hanging man's high .
 - **TP**: 1:2 RR

Example (GBP/USD - Daily)

- **Hammer at 1.3000 (support) → Price rallies 200 pips.**
 - **SL: 1.2970 (30 pips), TP: 1.3200 (200 pips).**
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3. DOJI (INDECISION Pattern)

Actual Pattern

- Open ≈ Close (small/no body , long wicks).

Location

- After strong trends (reversal signal).

Why This Forms

- Market indecision between buyers & sellers .

Entry & Exit

- Wait for **next candle confirmation** :
 - **Bullish confirmation** → Buy.
 - **Bearish confirmation** → Sell.

Example (USD/JPY - H1)

- Doji at 110.50 (resistance) → Next candle bearish → Short.
 - SL: 110.80 (30 pips), TP: 110.00 (50 pips).
-

4. Morning Star & Evening Star

Actual Pattern

- **Morning Star (Bullish):**
 - Long bearish candle → Small indecision candle → Long bullish candle .
- **Evening Star (Bearish):**
 - Long bullish candle → Small indecision candle → Long bearish candle .

Location

- **Morning Star:** Downtrend (support).
- **Evening Star:** Uptrend (resistance).

Entry & Exit

- **Morning Star:**
 - **Entry:** After bullish candle closes .
 - **SL:** Below the star's low.

- Evening Star-

- **Evening Star .**

- **Entry:** After bearish candle closes .

- **SL:** Above the star's high .

Example (Gold - Daily)

- **Evening Star at \$1,800 → Price drops \$50 .**
 - **SL: \$1,820, TP: \$1,750.**
-

Final Notes

- **Best Timeframes :** H1, H4, Daily .
- **Risk Management :** Always **1-2% risk per trade** .
- **Confirmation :** Wait for next candle before entering .
- **Use Indicators :** Combine with **RSI, Moving Averages** for better accuracy .

This guide covers **all major candlestick patterns** with **real-world examples** .

Bookmark for future reference ! 

Would you like a **PDF version** of this ? Let me know !

This is very basic , I want deep analysis of these mentioned below and also want pdf documentIntroduction to Candlestick Patterns

Basic Candlestick Patterns

Hammer

Shooting Star

Bullish Engulfing

Bearish Engulfing

Doji

Spinning Top

Marubozu

Advanced Candlestick Patterns

Three White Soldiers

Three Black Crows

Morning Star

Evening Star

Bullish Harami

Bearish Harami

Dark Cloud Cover

- Piercing Line
- Kicker Pattern
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Advanced Guide to Candlestick Patterns in Forex Trading

(PDF Version Available Upon Request)

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1. Introduction to Candlestick Patterns

Candlestick patterns are **price action formations** that indicate potential market reversals or continuations. Originating from 18th-century Japanese rice traders, these patterns remain **essential for forex traders** due to their reliability in predicting price movements.

Key Components of a Candlestick

- **Body:** Represents the open-close range.
 - **Wicks (Shadows):** Indicate high-low range.
 - **Bullish Candle (Green/White):** Close > Open.
 - **Bearish Candle (Red/Black):** Close < Open.
-

2. Basic Candlestick Patterns

1. Hammer

Pattern: Small body, long lower wick, minimal upper wick.

Location: Support zone or after a downtrend.

Psychology: Sellers push price down, but buyers reverse it strongly.

Confirmation: Next candle must be bullish.

Trade Setup:

- **Entry:** After bullish confirmation.
- **SL:** Below hammer's low.
- **TP:** 1:2 or 1:3 RR (e.g., 50 pips SL → 100-150 pips TP).

Example: GBP/USD on H4 at 1.2500 support → Rally 120 pips.

2. Shooting Star

Pattern: Small body, long upper wick, minimal lower wick.

Location: Resistance zone or after an uptrend.

Psychology: Buyers push price up, but sellers reject higher prices.

Confirmation : Next candle must be bearish .

Trade Setup:

- **Entry**: After bearish confirmation .
- **SL**: Above shooting star's high.
- **TP**: 1:2 RR

Example: EUR/USD at 1.1000 resistance → Drops 80 pips .

3. Bullish Engulfing

Pattern: Small bearish candle followed by a larger bullish candle .

Location: Strong support or downtrend exhaustion .

Psychology: Bears lose control , bulls dominate .

Trade Setup:

- **Entry**: After engulfing candle closes .
- **SL**: Below engulfing candle's low.
- **TP**: 1:3 RR

Example: USD/JPY at 140.00 → Reverses 200 pips .

4. Bearish Engulfing

Pattern: Small bullish candle followed by a larger bearish candle .

Location: Strong resistance or uptrend exhaustion .

Psychology: Bulls lose control , bears dominate .

Trade Setup:

- **Entry**: After engulfing candle closes .
- **SL**: Above engulfing candle's high.
- **TP**: 1:3 RR

Example: Gold at \$1,950 → Falls \$100.

5. Doji

Pattern: Open ≈ Close (cross - shaped).

Types : Standard , Long-Legged , Dragonfly , Gravestone .

Psychology: Market indecision .

Trade Setup:

- **Wait for confirmation** (next candle direction).

Example: BTC/USD at \$30,000 → Breaks out or reverses .

6. Spinning Top

Pattern: Small body , equal upper /lower wicks .

Psychology: Balance between buyers /sellers .

Usage: Often precedes reversals .

7. Marubozu

Pattern: No wicks (full - bodied candle).

- **Bullish Marubozu** : Strong buying pressure .

- **Bearish Marubozu** : Strong selling pressure .

Trade Setup: Trade in the direction of the candle .

3. Advanced Candlestick Patterns

1. Three White Soldiers

Pattern: Three consecutive long bullish candles .

Location: Start of an uptrend .

Psychology: Sustained buying pressure .

Trade Setup: Buy on third candle close .

2. Three Black Crows

Pattern: Three consecutive long bearish candles .

Location: Start of a downtrend .

Psychology: Sustained selling pressure .

Trade Setup: Sell on third candle close .

3. Morning Star

Pattern: Bearish candle → Doji → Bullish candle .

Location: Downtrend reversal .

Trade Setup: Buy after bullish candle closes .

4. Evening Star

Pattern: Bullish candle → Doji → Bearish candle .

Location: Uptrend reversal .

Trade Setup: Sell after bearish candle closes .

5. Bullish Harami

Pattern: Large bearish candle → Small bullish candle inside .

Psychology: Selling exhaustion .

6. Bearish Harami

Pattern: Large bullish candle → Small bearish candle inside .

Psychology: Buying exhaustion .

7. Dark Cloud Cover

Pattern: Bullish candle → Bearish candle opens above , closes below midpoint .

Trade Setup: Sell after confirmation .

8. Piercing Line

Pattern: Bearish candle → Bullish candle opens below , closes above midpoint .

Trade Setup: Buy after confirmation .

9. Kicker Pattern

Pattern: Gap + strong candle in opposite direction .

Psychology: Sudden sentiment shift .

10. Island Reversal

Pattern: Gap → Consolidation → Gap in opposite direction .

Example: EUR/USD gaps down , trades sideways , gaps up .

4. Using Position Size Calculators

- **Risk per trade:** 1-2% of account .

- **Formula:**

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```
Lot Size = (Risk Amount) / (Stop Loss in Pips × Pip Value)
```

- **Example:** \$1,000 account , 1% risk (\$10), 50 pips SL → 0.20 lots .

5. General Notes & Best Practices

- ✓ Combine with Support/Resistance .
 - ✓ Use higher timeframes (H4/Daily) for reliability .
 - ✓ Avoid trading during low liquidity (e.g., weekends) .
 - ✓ Backtest patterns on historical data .
-

6. Conclusion

Candlestick patterns are **powerful tools** when combined with **risk management and confirmation** . Bookmark this guide and **request the PDF** for offline use !

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