

Shake-out candle

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- Shake-out Candle:
 - Used to shake out the week players
 - Happens only in major support/resistance (Check it)
 - We will never know which candle become shake-out candle
 - Types
 - Bullish:
 - Low of shake-out candle never goes (means second candle never goes low)
 - There will not be another candle closes below the low of shake-out candle
 - Draw resistance & Support



- Next we could see Neutral candle + inverted hammer at resistance
 - Neutral candle we can ignore: they will not give any decision
 - Ideally it is a good sign. But next candle BO the resistance as shown



- Here two type of traders are there
 - Trader-1



□ Trader-2



- When you find such candles at top/bottom, mark their high and lows & for a follow-up on the down side
 - Incase any candle that BD this low, you can think of short.
 - (But still the trend is uptrend, we will not short)



- Incase if you want to short, the previous bullish candle need to be taken the bears. Means there is a bearish candle, closes below the open/low of candle
- Them only we can say bears are strong.



- BB help us to identify the shakeout
 - Add BB & check the momentum direction. In this case momentum upside.
 - Here we could see a BB challenge fail
 - ◆ BB is challenged on Upside but no follow-up
 - ◆ Mark the low of the candle and check the follow-up candle.

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BB (20, 2)



- **When BB is challenged in upper side, if you see any bearish candle, you can choose to ignore**
 - ◆ Means if you already long previously, you can exit and watch for the follow-up
 - ◆ As trader-2, don't short sell here with out the follow-up candle



○

- The break-out after a shake-out is called a genuine break-out



- There are two types of traders
 - Aggressive
 - Will enter at the BO candle
 - Conservative
 - Will enter the candle that closes above the close of BO
- SL will always the low of the BO candle (pink line in fig-2)





■ Add Supportive indicators

■ Volume

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Volume (20)



■ Add ADX , RSI

- ◆ Even if the ADX > 15 but instead of ungli, shape is opposite. We can continue on the trade

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■ Target

- Since the BO candle is ever time high, we can consider the bottom and place the price chart at BO level



- **The break-down after a shake-out is called a genuine break-down**
-
- Bearish: High of shake-out candle never goes